TEN THOUSAND SMALL LOANS

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SMALL LOAN SERIES

TEN THOUSAND SMALL LOANS

Facts about Borrowers in 109 Cities in 17 States

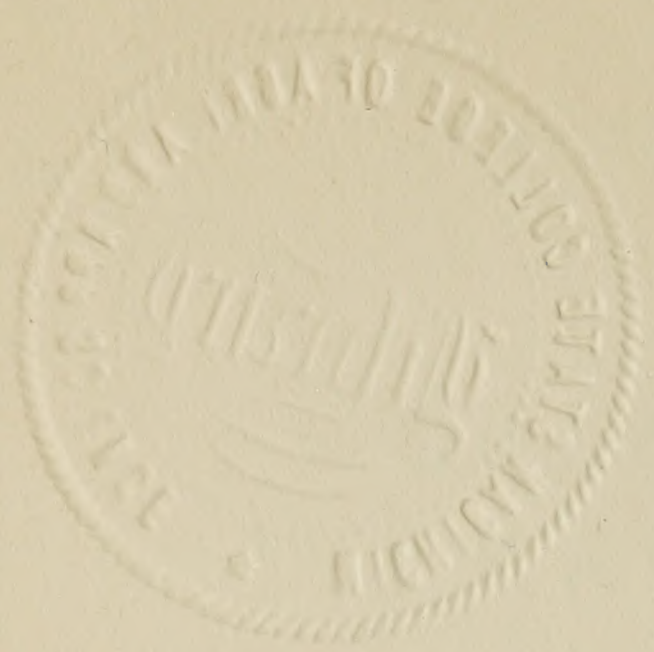
BY

LOUIS N. ROBINSON

AND

MAUDE E. STEARNS

NEW YORK
RUSSELL SAGE FOUNDATION
1930



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FOREWORD

THIS report of a statistical study of 10,000 small loans is part of a general survey of small loans prepared for the Russell Sage Foundation under the direction of Dr. Louis N. Robinson. It is issued as one of the Small Loan Series of the Department of Remedial Loans and will be followed shortly by a report on the laws and decisions relating to the small loan business. Other divisions of the survey will appear later. An earlier publication of this series was The Regulation of Pawnbroking by R. Cornelius Raby.

LEON HENDERSON, *Director*
Department of Remedial Loans

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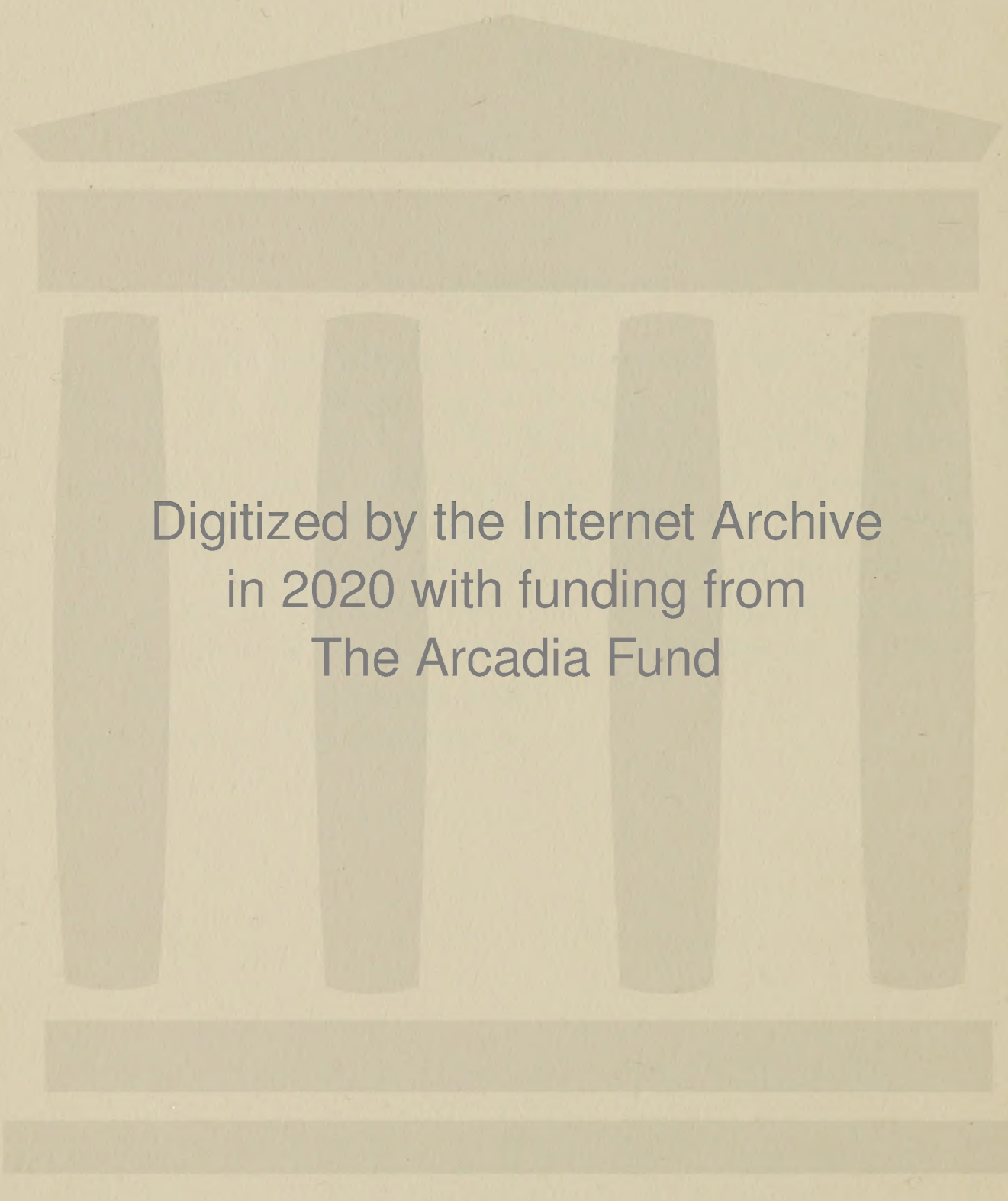

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CHAPTER I

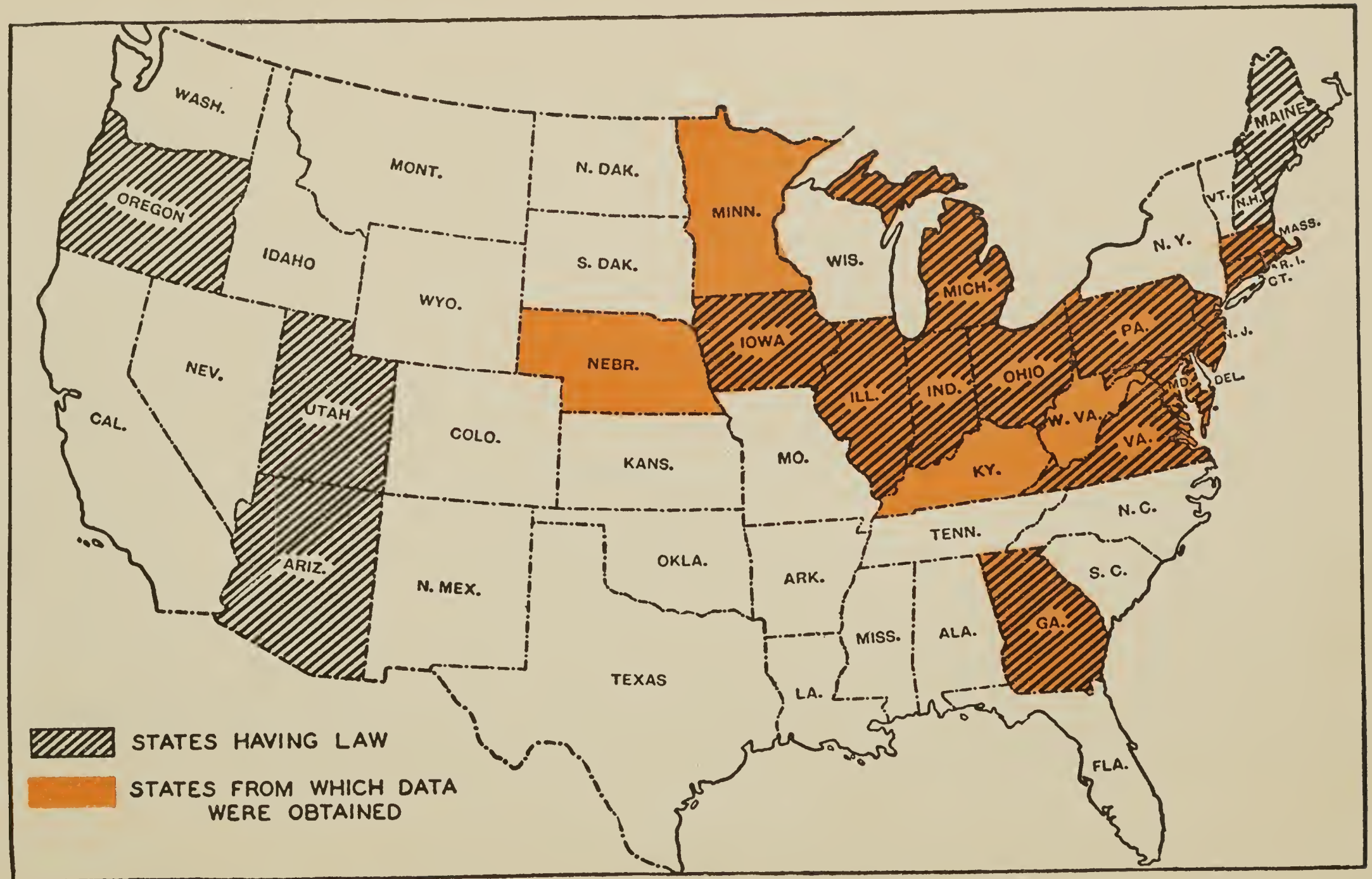
INTRODUCTION

FEW people seem to realize that there is a great class of our population, made up mainly of wage-earners, who from time to time must borrow money to meet the ordinary vicissitudes of life. The fact, too, that this need is not met by commercial banks is generally overlooked. Not very long ago it was taken for granted that if a man in need of money could not be accommodated at a bank he was a fit subject for charity. This view took no account of the fact that the commercial bank was organized to meet business, not personal, requirements. While not much is known about this group of small borrowers, it is known that the number of people today who patronize pawnshops, small loan offices, Morris Plan companies, store-order companies, credit unions, and other loan agencies, far exceeds the number who borrow from banks. Though large in number, the small loan borrowers have been a somewhat helpless group, and in the past, and even yet in states where no approximation to the Uniform Small Loan Law[1] has been enacted, have had to pay a frightful charge for the loans which they obtained from certain agencies. Rates amounting to from 10 to 20 per cent per month for such loans have not been uncommon.

Development of the "Small Loan Business"

About 1880 began the establishment of the so-called "loan offices," concerns financed for the most part by individuals, which made a specialty of catering to small borrowers who were not

[1] The Uniform Small Loan Law was drafted in 1916 after an extended study of the small loan business and of experimental legislation, by the Department of Remedial Loans of the Russell Sage Foundation. The purpose behind the law was to provide safe facilities for the small borrower. It provides for regulation of the business of making loans of $300 or less, specifying a maximum rate of interest, 3½ per cent a month on unpaid balances, at which such loans can be made on a business basis to persons having no other security than household goods or the expectation of regular wages.



STATES FROM WHICH DATA WERE OBTAINED FOR THIS STUDY AND STATES HAVING THE UNIFORM SMALL LOAN LAW OR AN EQUIVALENT LAW IN 1923

States which have subsequently enacted small loan laws are West Virginia (1925), Tennessee (1925), Florida (1925), Missouri (1927), Wisconsin (1927), and Louisiana (1928).

served by the banks. Usually their loans were based on chattels or salaries, though plain and endorsed notes were also accepted. A technique for handling these loans as a business was developed early, but unfortunately the business could not survive at the rates of interest allowed by the state laws. The business did, however, continue to live by adding to the legitimate cost of conducting it what might be called the cost of outlawry. The borrower, of course, paid both costs. Several states experimented with legislation of wide diversity designed to curb usury in loans of this character, but it was not until New York passed its personal loan act of 1895 that any state could be considered to have had an understanding policy toward this particular group of borrowers. It remained for Massachusetts to enact in 1911 the first complete and workable scheme of small loan regulation.

Since 1911, however, a remarkable change has taken place in the status and operation of these loan offices. Through the passage of the Uniform Small Loan Law or equivalent laws, 18 states, including most of the great industrial states and containing nearly half the total population of the United States, had by 1923, when this study was being made, already placed these loan offices under proper regulatory law.[1] Since 1923, six additional states have adopted the Uniform Law or its equivalent.[2]

This regulation of the small loan business was accomplished by allowing lenders when licensed to charge a higher rate on loans of $300 or less than that permitted on loans of larger amounts or to other than licensees. Licensees were also required to be bonded and to submit to state supervision. The maximum rate allowed by these laws is, with a few exceptions,[3] from 3 to 3½ per cent a month on unpaid balances. This seems a high rate but it is actually far less

[1] See Map, p. 12. New York and Colorado are not included among these 18 states, although each had a small loan law in 1923. The rates of interest allowed by the laws of these two states (2 per cent plus a fee and 1 per cent, respectively) have been so low that the licensed small loan business has not been carried on in them to any great extent.

[2] These states are: West Virginia (1925), Tennessee (1925), Florida (1925), Missouri (1927), Wisconsin (1927), and Louisiana (1928).

[3] In the 1929 legislative sessions, three states included in those having proper regulatory laws enacted statutes which reduced the rate on small loans below 3 per cent, namely, Missouri to 2½ per cent; West Virginia to 2 per cent, and New Jersey to 1½ per cent. Time must elapse before the effect of these reductions becomes evident.

than such borrowers had been accustomed to pay, and only one-sixth or one-seventh of the exorbitant rates now being charged for loans on exactly the same security in states which still lack adequate small loan laws. The constitutionality of the Uniform Small Loan Law has been established by courts in several states and a "small loan business," separate and distinct from other forms of money lending, has been recognized as a special business.

There is no question but that these laws have brought very beneficial results to both borrower and lender. Borrowers may now obtain their loans at less than one-third of the former cost, and have in addition the security of dealing with state-supervised concerns. On the other hand, the legalization of the small loan business has meant that responsible men could engage in it without disgrace and without fear of prosecution. As a consequence, new men have come into the field, bringing with them higher standards and additional capital. Legalization has greatly improved the reputation of the business. An effect not wholly foreseen when the Uniform Law was framed has been a decided reduction in the number of loan offices engaged primarily in lending on salaries—a most dangerous type of lending for the borrower.

Source of Data for This Study

The present study, which is part of a general survey of the "small loan business," relates with a few exceptions to offices licensed under the Uniform Small Loan Law or an equivalent statute. As will be seen later,[1] such offices lend largely on the security of chattels, and are sometimes spoken of as chattel loan offices. Although figures are not available to show definitely the total business conducted by such offices, it is conservatively estimated by the Department of Remedial Loans of the Russell Sage Foundation that the volume of annual business in 1929 had reached $500,000,000 and that 4,500,000 loans were being made by licensed lenders in the states having regulatory laws.

The purpose of this study is to afford some description of the borrowers from these small loan offices, to show who they are and under what circumstances and in what amounts they borrow. The

[1] See Table 64, p. 138.

description rests upon an investigation carried out by means of questionnaires for this purpose.

The statistics here presented were secured through the generous co-operation of the managers of small loan offices to whom questionnaires were sent. At first they were sent mainly to the branch offices of large lenders operating chains of loan offices, which in many cases extended over several states. Later the co-operation of smaller lenders, some operating not more than one office, was secured. These offices, including those belonging both to lenders operating chains and to smaller lenders, were chiefly in states in which the Uniform Small Loan Law, or an equivalent law, was in effect.

Manner of Collecting the 10,000 Records

Practically all headquarters of chain offices and offices of the individual lenders who co-operated in this study were visited and the purpose and plan of the study were explained to their managers. After interviews had made clear what sort of information could be obtained, a trial questionnaire was framed. In the summer of 1922, 1,000 copies of this trial questionnaire were distributed to about 100 loan offices. The filled-out copies returned served as a guide in devising the final questionnaire used in collecting the remainder of the data of the study. This questionnaire is reproduced on pages 16 and 17.

The visits to the loan offices discouraged the investigators from sending out any but the briefest instructions for filling out the questionnaires. The instructions adopted covered only three points. First, they specified that there be no optional selection of loans, but that the questionnaires be filled out consecutively as the loans were made.[1] Second, in view of the fact that the question-

[1] A study based on loans as made at an office through a period of several months will present an entirely different picture from one based on all loans that are on the books on a given day.

Our camera catches people, month by month, in the act of borrowing, not the persons who are indebted on a specified day. This is significant because loans made for certain purposes are likely to run for longer periods than are loans made for other purposes. Long-period loans will appear relatively less frequently in our moving picture than they would in a snapshot of the total indebtedness of persons at a point of time. In comparing this study with other studies of small loans, it is important to notice whether the same method was adopted in each. Loans for

Footnote continued on page 18.

City..... State.....

This loan made by.....
(Give Company name

1. Date of loan.....19.....
2. (a) Amount of loan $..... (b) Borrower received in cash today $..... (c) Balance paid to this or another loan company; furniture house or other (specify) .....$.....
3. Has applicant ever borrowed at this loan office before?..... Number of times?.....
4. Purpose for which this money is borrowed?.....
.....
5. Reason why it is necessary to borrow money for purpose specified in (The purpose, Question 4,
Question 4.....
in obtaining the money may be to purchase shoes for his or her children; but the reason, Question 5, why
.....
applicant has to borrow may be because he or she is out of work)
6. Has borrower any money in: (1) savings bank; (2) checking account in bank; (3) building and loan ass'n; (4) other (specify).....
.....
7. Occupation of borrower..... .....
(Kind of work done) (Kind of business of employer)
8. Is borrower: (1) Employer..... (2) How many employees?..... (3) Is borrower an employee?.... .....
9. Wages or salary? Amount $.....per day, week, half month, month.
(Encircle pay period applicable in this case)
10. Other income from supplemental or secondary occupation; amount $..... per..... Source.....
11. Total present indebtedness excluding present loan? $.....
12. Is borrower out of work **now?**..... Reason: Shut-down; strike or
(Encircle reason for non-employment)
lockout; cannot find job; illness; injury. If other reason, (specify).....
.....
13. Has borrower been out of work **during past 12 months?**.....
If so, for how many weeks?.....From.....to.....
Reasons: Shut-down; strike or lockout; cannot find job; illness; injury. If
(Encircle reason for non-employment)
other reason, (specify).....
14. Occupation of wife..... .....
(Kind of work done) (Kind of business of employer)
15. Number of living children under 16 years of age, including adopted children?
.....Specify age of each child.....
16. Occupations of children, if any, under 16 years of age.....
.....

QUESTIONNAIRE USED FOR

..... Account No.....

.....
and street address)

17. Was money loaned to: (1) Man?..... (2) Woman?.....
(3) Jointly to man and woman?.....

18. Age of borrower: Man..... Woman.....

19. Is borrower: (1) single; (2) married and living with husband or wife; (3) widowed; (4) divorced; (5) separated or living apart and husband contributes to family support; (6) deserted or husband contributes nothing to family support; (7) deserting meaning the party who deserts—whereas "deserted" means the party who is deserted.....
(Encircle the given marital condition)

20. Color: (1) White; (2) Negro; (3) Chinese; (4) Japanese; (5) Indian?
(Encircle the given color)

21. Country of birth of borrower?..... If foreign-born, specify native language.....
(Important in case of Canadians, Poles, Russians, etc.)

22. Country of birth of father of borrower?..... If foreign-born, specify native language.....

23. Period lived in present dwelling: From.....to.....
(Month) (Year) (Month) (Year)
(By dwelling is meant habitation, house, apartment or rooms in which the borrower resides at the time of making application for loan)
Period lived in this city or place: From.....to.....
(Month) (Year) (Month) (Year)

24. Number of persons of borrower's immediate family living in dwelling specified in Question 23?.....Lodgers or roomers.....
Others.....

25. Number of rooms occupied for living purposes excluding bathroom by persons reported under Question 24?.....

26. Rental of dwelling reported under Questions 23 and 25? $.....
per week, or month. Does this include water, light or heat?.....
Is dwelling owned by borrower?.....
Does borrower receive rent free.....or as part compensation?.....
If dwelling is owned by borrower, or he or she receives rent free, or as part compensation for board or wages, state rental value of dwelling. $.....
per week or month.

27. Does the borrower own real estate?..... Owned free or mortgaged?..... What equity does borrower have in it?.....

28. Security given for loan (furniture, automobile or other).....

29. Does borrower carry life insurance? (Give kind of insurance and the amount).....

30. Name of interviewer.....

OBTAINING DATA FOR THIS STUDY

naire asked for much more detailed information than most loan offices require for their own records, they called attention to the necessity of filling out the questionnaire at the time the loans were made. Third, they pointed out the importance of distinguishing between the two questions concerning the purpose for which the money was borrowed, and the reason why it was necessary to borrow money for this purpose (questions 4 and 5).

The original plan was to secure records of 10,000 loans during one year beginning August, 1922, distributed evenly throughout the year. To this end, one-twelfth of the full number of questionnaires

TABLE 1.—NUMBER OF QUESTIONNAIRES OBTAINED, BY MONTH IN WHICH LOANS WERE MADE

August	2,177[a]
September	66
October	541
November	794
December	1,542
January	222
February	122
March	1,414
April	1,267
May	159
June	1,492
July	204
Total	10,000

[a] Including loans of August, 1922 and 1923.

were sent out each month. Delays and lapses made it impossible to carry out the plan fully. The number of records obtained varied widely from month to month, and it was necessary in August, 1923, to send out additional questionnaires to fill the complement of 10,000 loans. The investigation was thus spread over 13 instead of 12 months. Table 1 shows the number of questionnaires obtained

Footnote continued from page 15.

various purposes will appear in different proportions, depending upon the choice of method.

A hypothetical case may be helpful as an illustration. Suppose loans for one purpose tend to last for a month, and for another tend to last for twelve months. If an equal number of loans for both purposes are made in each of the twelve months of the year, our method of studying loans, month by month, will give an equal number of the two kinds of loans for any month, while a snapshot of the total indebtedness would show twelve times as many loans for the second purpose as for the first. For, in the latter method, at the beginning of any month we should have loans for the first purpose contributed only from the preceding month, but loans for the second purpose would have been contributed from each of the twelve preceding months.

in each month. In spite of the variation, it will be seen that the loans obtained are not concentrated in any one season of the year. The figures do not, of course, reflect in any way the monthly fluctuations in the business itself.[1]

Although, as already stated, the questionnaires were not at first sent to lenders operating but one or few offices, the co-operation of these smaller concerns was later obtained.[2] In all, 211 loan offices co-operated by supplying information concerning loans made by them. They were located in 109 different cities and towns in 17 different states. The questionnaires obtained from each state do not represent a uniform proportion of the total loans made in the state. To have obtained data so exactly proportioned, though desirable, would have required a knowledge of the lenders and of their business, which was not obtainable.

The map on page 12 shows the relation of the study to the group of states which had small loan laws. Examination will show that four states represented in the study, Kentucky, Minnesota, Nebraska, and West Virginia, did not have such laws. Records from 11 loan offices in these four states constitute 708 out of the 10,000 loans for which data were obtained. Five states having small loan laws equivalent to the Uniform Law were not represented in the study—Maine, New Hampshire, Utah, Arizona, and Oregon. The amount of business in these states is small. New York and

[1] See p. 24.

[2] The relative effect of the proportion of loans contributed to this study by different classes of offices which vary in size and in kind of management cannot be determined. We have no facts to prove any difference in characteristics of loans between the business done by chain or independent offices. On the other hand, Dr. Willford I. King, in a report on the small loan situation in New Jersey in 1929, indicates that marked differences exist between the business done by large offices and that done by small ones. He provides evidence that a difference in the proportion of loans contributed by small and by large offices respectively will affect both the amount and the duration of loans presented for study. Probably other characteristics, such as income and occupation of borrower and reason for loan, will also be affected by the proportion of large and small offices contributing. The reason suggested by Dr. King for this diversity in the nature of loans is that offices with a small volume of business have a smaller number of borrowers over whom to distribute their risk and may therefore have to exercise keener discrimination among applicants.

In the present study, covering 211 offices in 109 cities of 17 states, the proportion of records contributed by large offices and by small ones is unknown; so also is the proportion of loans made by all large and by all small concerns in these states. The result is complete uncertainty as to direction and degree of the effect of the share of records contributed by different offices.

TABLE 2.—DISTRIBUTION OF LOANS BY STATES AND SIZE OF CITIES

State	Number of cities	Number of loan offices reporting	Number of loans in cities having population of							Total loans
			250,000 and over	100,000 to 249,999	50,000 to 99,999	25,000 to 49,999	10,000 to 24,999	5,000 to 9,999	2,500 to 4,999	
Massachusetts	3	3	..	118	..	..	..	..	..	118
Rhode Island	2	4	..	78	62	..	..	..	..	140
Connecticut	7	11	..	198	115	67	..	..	..	380
New Jersey	7	14	419	152	106	40	..	..	..	717
Pennsylvania	18	51	948	450	739	232	60	..	..	2,429
Ohio	13	20	185	438	97	170	53	..	..	943
Indiana	17	32	398	..	466	187	131	205	40	1,427
Illinois	12	23	496	..	333	458	70	..	..	1,357
Michigan	6	10	258	59	56	79	..	..	..	452
Minnesota	2	4	129	118	..	..	..	..	..	247
Iowa	7	11	..	129	120	68	70	..	..	387
Nebraska	1	2	..	132	..	..	..	..	..	132
Maryland	2	8	369	..	..	30	..	..	..	399
Virginia	5	9	..	240	68	32	..	..	..	340
West Virginia	2	2	..	..	69	70	..	..	..	139
Georgia	3	4	..	102	101	..	..	..	..	203
Kentucky	2	3	..	130	60	..	..	..	..	190
Total	109	211	3,202	2,344	2,392	1,433	384	205	40	10,000
Number of loan offices reporting	..	211	62	60	47	28	8	5	1	..

Colorado were omitted because the low rates of interest in these states had prevented the development of the small loan business.

The small loan business is done mainly in cities and, therefore, mainly in the states in which there is considerable urban population. Most of the 10,000 loans studied were made in cities of substantial size, over half in cities of more than 100,000 population and very few in places of less than 25,000 population. Table 2 gives the distribution of the 10,000 loans by states and by size of cities, while Table 3 gives percentage comparisons with population both by size of city and by geographical divisions. Table 71, an appendix on page 154, gives the number of loan offices supplying information and the number of loans for which forms were filled out in each city.

In view of the large area represented, of the large number of loan offices co-operating, and of the method of sampling the loans, we have assumed throughout the study that the 10,000 questionnaires obtained represent 10,000 different individuals or households. It is highly improbable that any significant amount of duplication of borrowers could have occurred through the inclusion of more than one loan to the same individual, either at the same loan office or at different ones.

Quality of the Data Obtained

Something in the nature of a stocktaking is needed in a statistical inquiry after the tabulations are made. When, as in this instance, important general conclusions are the result, these conclusions require a place in the general account of the investigation.

The Questionnaire. Information resulting from answers to questions needs always to be examined to see how closely the entries can be supposed to correspond with the facts that were desired. Concerning these loan records, it may be said first of all that the lenders evidently exercised care in filling out the questionnaires, and that on the whole they were probably able to get truthful information from the borrowers.

Unfortunately, very varying degrees of success in getting the real information required were obtained from different parts of the questionnaire. It is well to call attention here to those questions which gave special difficulty. Questions 4 and 5, relating to the

TABLE 3.—DISTRIBUTION OF LOANS COMPARED WITH DISTRIBUTION OF URBAN POPULATION,[a] BY GEOGRAPHICAL DIVISIONS

Population of cities	Three New England states		Two Middle Atlantic states		Four East North Central states		Three West North Central states		Four South Atlantic states		One East South Central state		All 17 states	
	Per cent of recorded loans	Per cent of urban population	Per cent of recorded loans	Per cent of urban population	Per cent of recorded loans	Per cent of urban population	Per cent of recorded loans	Per cent of urban population	Per cent of recorded loans	Per cent of urban population	Per cent of recorded loans	Per cent of urban population	Per cent of recorded loans	Per cent of urban population
250,000 and over	..	14½	43	39	32	44	17	16	34	28	..	..	32	33
100,000 to 249,999	62	28	19	8	12	9½	49½	24	32	18	..	37	23½	14
25,000 to 99,999	38	28	36	20	44	20	24½	19	34	25	68	20	38	22
10,000 to 24,999	..	16½	2	14	6	11½	9	14½	..	11	32	11	4	13
5,000 to 9,999	..	8½	..	11	5	9	..	12½	..	8	..	16	2	10
2,500 to 4,999	..	4½	..	8	1	6	..	14	..	10	..	16	½	8
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100

[a] Population in communities of 2,500 or more is here considered urban.

reason and the purpose of the loan, are perhaps the most important instances of imperfect success. Answers to them should have been the most significant in the study; however, they proved to be unsatisfactory because, though superficially simple, these two questions could be adequately answered only by much information on situations which are often very complex. More space might well have been devoted to these questions, even if doing so had entailed the loss of other parts of the questionnaire.

Question 11, on the important subject of prior indebtedness of borrower, failed to produce information that could be used. Questions 9, on wages, 10, other sources of income, and 26, rental of dwelling occupied, have shortcomings which affect the data on income. Question 13, on past employment, is not sufficiently explicit, and this fact also has a bearing upon income data. Question 6, on money in any savings institution, is also not explicit, and question 17, on person to whom money was lent, and 28, on what security, appear not to have been uniformly dealt with by lenders in the instance of loans to co-signers.

Size of the Sample. Having given some indication of the degree to which entries failed to provide the desired facts, we turn to the next consideration. When any investigation is made by taking a sample, it is always necessary to examine the results rigorously in order to make sure how far the sample group may be relied on as typical. This examination has in the present case laid bare a need for considerable modification of the description, tabular and other. It became evident, too, that numerous new primary tabulations of the data would in fact have been desirable, but the amount of work involved was regarded as prohibitive; hence all that has been possible is to indicate where further tabulations might have been expected to modify the description here presented.

It was hoped that the 10,000 loans recorded in the questionnaires would provide a sample from which the salient characteristics of small loans in the area studied might be satisfactorily ascertained. When, however, the sorting processes were carried out and tables compiled, many subgroups of loans in which instances were few were found to have considerable importance. The application of the laws of chance to these small groups showed at once that it would be quite unsafe to assume that the frequency of occurrence of

such instances was the same in the whole field as in this sample. We trust that the danger of false conclusions that might be based on misrepresentation from this cause is now minimized. Percentages have been given only as whole numbers, or in some instances, halves or quarters, since the implication of greater accuracy would be unwarranted. The reader, however, must, of course, bear in mind the corollary that between two percentages a difference of ½ or even of 1 per cent, or sometimes a greater difference still, may not be significant. Moreover, while false conclusions due to smallness of sample may be avoided to some extent by an editorial process, no such process can possibly substitute true conclusions. To permit reliable conclusions from the smaller of the important subgroups, a sample many times as large as the one we possess would be required.

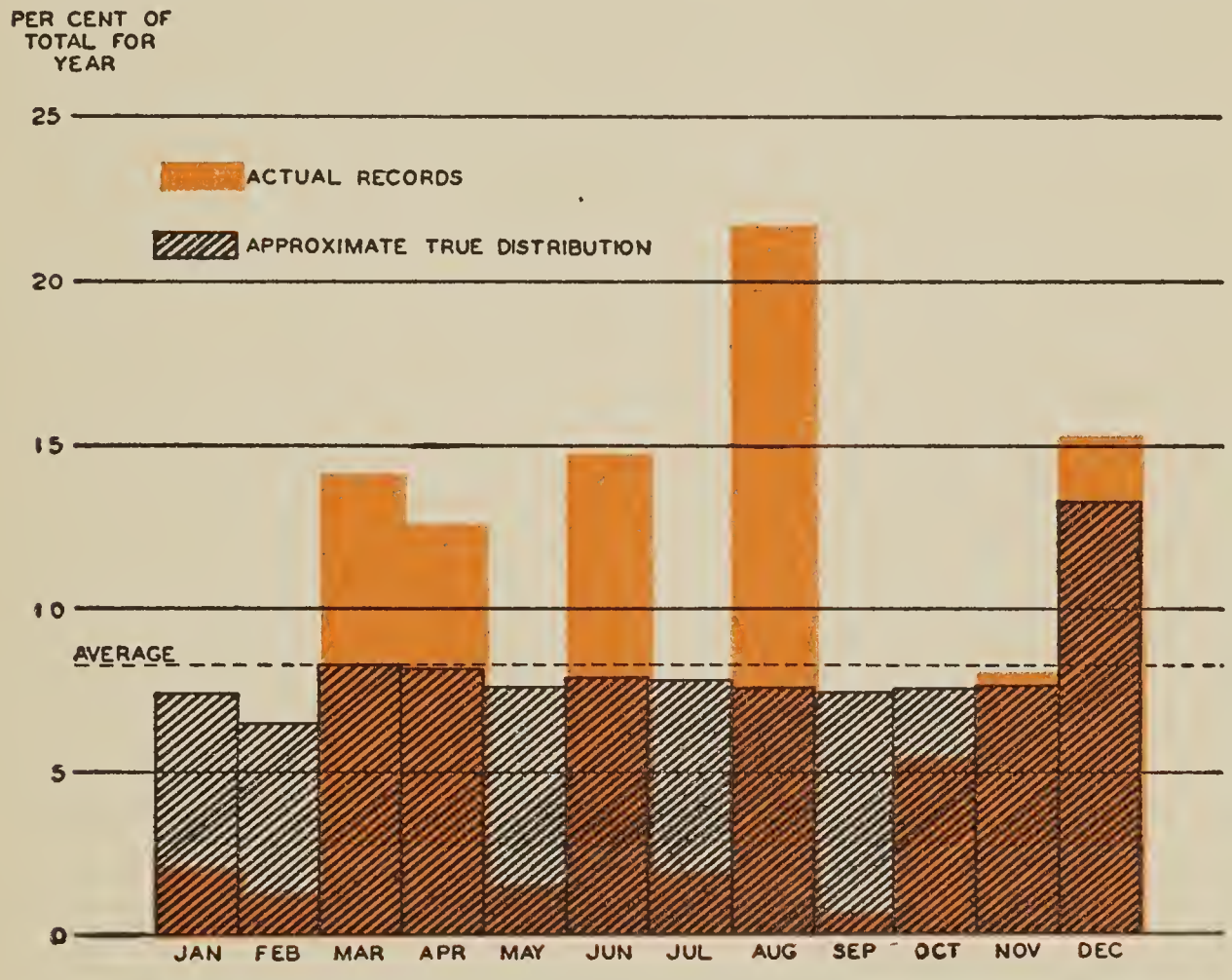
Distribution of the Sample. The imperfection resulting from the size of the sample is caused solely by the workings of the laws of chance. Further scrutiny has shown that this sample of loans has other and more serious imperfections. Any sample of loans, however large, can be relied on only as truly describing the whole volume of loans with which we are concerned, if every loan with which we are concerned has equal chance of inclusion in the sample.

To obtain this desired result, the returns obtained from each office should have borne month by month a constant ratio to the total number of loans issued by the office. The erratic appearance of the distribution by months of records obtained in this inquiry suggests at once that this condition was not fulfilled. Independent evidence shows that the actual volume of loans is habitually greater in some months than in others. That the probable true seasonal variation is not similar to that observed in the present records is illustrated in the accompanying diagram. Since tabulation of the records obtained shows that the frequency of different kinds of loans varies materially with the month of the year, the lack of a constant ratio of loans studied to loans made month by month has unfortunate consequences. It should be noted also that if returns had been obtained for the same *number* of loans each month, the result would have been unsatisfactory in the same way as is the present result, although not to so large a degree.

Evidence as to the regional distribution of the whole volume of

small loans is lacking, but we have no assurance that loans made in different states and in different parts of the states are proportionally represented; on the contrary, we have reason to suspect that some states, notably Pennsylvania, are greatly over-represented as compared with others.

Also, as Table 3 shows, the distribution of recorded loans is strikingly different from the distribution of city population in the



SEASONAL DISTRIBUTION OF LOANS

Approximate seasonal distribution of the volume of small loans, as shown by the records of large chattel loan concerns having well scattered branch offices, compared with the distribution of the loans studied.

states concerned. Is this loan distribution representative of the prevalence of borrowers, or of loan offices, or does it represent the chance situation of loan offices contributing data to this study? It has been impossible to estimate shortcomings in these respects or the corrections that should be made for them. Among the 17 states selected for this study there is great diversity. Had the investigation been numerically large enough to cover satisfactorily

the whole small loan field, the various tabulations would still have been more valuable if made by suitable regional subdivisions. A sample of 10,000 loans would have been more valuable if drawn from one state (Pennsylvania, say), or at most, from one small group of states which could be regarded as reasonably homogeneous in all important respects.

Comparative Data for General Population. A study of this kind has to depend in part for its significance upon information from other sources, information over whose form and extent it has no control, for a description of the people who have succeeded in securing loans is not by itself sufficient. To understand its full significance it is necessary to compare the actual borrowers with possible borrowers, that is, with the persons who might wish to borrow in this way. Hence the completeness of the study is conditioned by the limitations in general population data obtainable from published sources. Lack of such data, with the obstacles which it opposes to the drawing of conclusions, has effects which are well illustrated by the difficulty of estimating the effect of peculiar age-distribution. The occupation and other attributes of the borrower are closely bound up with age, the age-distribution is peculiar, and cross-tabulations by age in the population census are scanty at best and have far too few age-divisions. There are, moreover, subjects relevant to this study on which information is entirely lacking in the United States census; of these, the number of children in households is perhaps the most outstanding.

Correlation between Attributes. There still remains one consideration to be discussed which combines with earlier ones to cause difficulty in drawing conclusions. This consideration is the effect of the close relationships between attributes of small loans. Such close relationships always enhance the importance of securing representative records, and in this case they greatly intensify the difficulty of estimating the effect of shortcomings in the sample studied. For instance, season of year is definitely correlated with the reason and purpose of the loan; cost of moving from one dwelling to another, and purchase of fuel are expenditures which cause borrowing in certain months and not in others. Hence because the months of the year are not proportionally represented, different types of expenditures are probably not proportionally represented, nor

perhaps different sizes of loans, nor different occupations of borrowers. Actually, tabulation was made by month of the year and by occupation, which showed marked correlation for the women although little for the men: correction for the effect of seasonal maldistribution of the sample has materially affected the tables of women's occupations. In fact, endless prospects of desirable but impracticable modification open up.

Correlation between attributes causes other difficulties quite apart from any imperfections in the carrying out of the sampling process. Because of this correlation very many possibilities need to be tested by cross-tabulation, for there is likelihood that any contrast in a characteristic on which attention is temporarily focused may be due chiefly to a contrast in some other characteristic which is intimately connected with it. For instance, throughout this study the loans to married couples are contrasted with those to men and to women who are single, widowed, divorced or separated and in many respects sharp contrasts appear among these groups, but cross-tabulation has shown that some of these contrasts are to be explained by the marked difference in age-constitution of the groups compared, rather than by sex or marital condition. It is probable that similar modification of contrasts would have resulted in the case of other tables for which no cross-tabulation by age was made.

Where there are such complex relationships between various attributes, discussion and deductions based on the tables must be very cautious. Where cross-tabulations by several attributes have been made the deductions are seldom simple; where they have not been made, simplicity of deductions may well be but a sign of their imperfection. The reader must be on guard. Numerous cross-tabulations were, in fact, made in this study, but examination of those which were made suggests that the addition of others would have much increased the value of the report.

From all these considerations, both the accidental and the inevitable, it is evident that facile comparisons of items in tables must be dangerous, and that a large proportion of the observations made in the text had perforce to be carefully qualified and guarded. While this is an unwelcome burden on the text, it is necessary if serious misconception is to be avoided.

CHAPTER II

THE BORROWER'S SOCIAL STATUS

ANY study of small loan borrowers is complicated by the fact that some loans are made to one individual and some are made to two or more persons jointly. Any persons borrowing jointly are technically known as co-signers. The parties to a joint loan are both principals in the transaction and are equally responsible for the payment of the note, neither being in the position of an endorser. The vast majority of chattel loans are made as joint loans and most of them to married couples. In case a person making application for a loan is married and living with husband or wife, it is customary for the lender to require the signature of both husband and wife.[1] This means that the lender will have a better hold on the security offered in case of failure to pay. Furthermore, the signatures of both husband and wife give an added assurance of repayment, because both parties are then cognizant of the loan and probably have come to some agreement in regard to the use of the money and the means of repayment. Joint loans are also made to other members of a family than husband and wife, and to persons not related.

Of the 10,000 loans studied, 7,147, or 71 per cent, were recorded as joint loans to married couples, and 206 were loans to co-signers, not husband and wife, who were recorded on the questionnaire as joint borrowers. Thus, 73 per cent were joint loans, and this may be an underestimate since from the form of the questionnaire it is possible that other loans which appeared to be made to a single individual were actually joint loans. Cases occurred where one person only was entered under question 17 but the security mentioned under question 28 was "co-maker," which is equivalent to co-signer.

[1] In most states, in all having the Uniform Small Loan Law, it is *required* that the chattel mortgage given by a married person living with husband or wife be jointly signed by the husband and wife.

BORROWER'S SOCIAL STATUS

Primary Classification of the Borrowers

For the purpose of studying the borrowers, the 10,000 loans were divided into four groups shown in Table 4. As in some states the law requires that both husband and wife sign a chattel mortgage and in others it is the usual policy of the lenders to require the signature of both, no particular significance attaches to subdivision of loans to married persons on the basis of signature of the note by husband or by wife or by both. All loans representing married couples living together were, therefore, placed in one group. This group is composed of 7,147 loans made to husband and wife jointly, 738 loans made to the husband alone, 298 made to the wife alone,

TABLE 4.—COMPOSITION OF PRIMARY GROUPS OF BORROWERS

Maker of loan	Married couples living together	Individual men	Individual women	Co-signers	Total
Man alone	738	533	..	..	1,271
Woman alone	298	..	1,072	..	1,370
Husband and wife jointly	7,147	..	..	..	7,147
Two persons, not husband and wife, jointly[a]	..	..	..	206	206
Maker not reported	6	..	..	..	6
Total	8,189	533	1,072	206	10,000

[a] In a few instances more than two persons. These 206 loans were divided as follows:

Parent and son or daughter	164
Brother and sister	20
Sisters	8
Other relatives	3
Two persons apparently not related	11

and 6 loans for which it was not reported whether husband or wife or both signed the note, making a total of 8,189 loans. This group will be referred to throughout the report as loans to married couples. As it comprises over four-fifths of all the loans it will have a dominating effect on all the statistics of the borrowers as a whole. The second largest group consists of the 1,072 loans to women who are not married or not living with their husbands. They will be designated as loans to individual women. The 533 loans to men who are not married or not living with their wives, constitute a third group, designated as loans to individual men. The remainder is composed of 206 joint loans to two persons not

husband and wife. These, and these alone, are designated in this study as loans to co-signers. As the number of these co-signers is very small and as the questionnaire was not well adapted to bring out the data of particular significance in this class of loans, they will not always be treated separately in the tables.

Marital Status

Marital status of borrowers is shown in Table 5. Here and in subsequent tables, the number of borrowers is considered identical with the number of loans. Where there were two or more parties to the loan, one only was selected for description as "the borrower." For all joint loans to married couples the selected one was the man; for joint loans to others, the more responsible party, sometimes the larger earner and sometimes the person holding title to the furniture offered as security, was considered the borrower.

TABLE 5.—MARITAL STATUS OF BORROWERS

Marital status	Number of married couples	Individual men		Individual women		Co-signers[a]	
		Number	Per cent	Number	Per cent	Number	Per cent
Single	..	296	56	217	21	81	43
Married and living together	8,189	..	..	..	..	10[b]	5
Widowed	..	165	31	651	62	87	47
Divorced	..	40	8	104	10	6	3
Separated[c]	..	25[c]	5	73[c]	7	3	2
Total reporting marital status	8,189	526	100	1,045	100	187	100
Marital status not reported	..	7	..	27	..	19	..
Total	8,189	533	..	1,072	..	206	..

[a] A single individual, usually the more responsible, is chosen to represent the joint loan.
[b] In these cases, the more important of the co-signers is married, but not married to the other co-signer.
[c] Of separated persons, 3 individual men had wives, and 4 individual women had husbands, in institutions.

The borrowers representing 82 per cent of the loans were married persons living with husband or wife. In the 17 states in which the loans were made, in 1920 only 70 per cent both of the men and of the women 21 years of age and over were married.[1] But, of course, marital status is closely related to age, and for men of the age-

[1] Practically all the borrowers were over 21 years of age. See p. 33.

composition of our borrowers we should expect, from the use of the census data, to find the proportion of those who were married greater by 5 per cent or so than in the general population. Hence some of the apparent peculiarity of marital status among borrowers may be accounted for by their age, or else some of the apparent peculiarity of their age-distribution may be due to their marital status.

If we take into consideration the fact that 8,189 loans to married couples represent two borrowers (husband and wife), it becomes apparent that borrowing of this kind by married people is relatively more important than is indicated by a comparison of the 70 per cent of married persons in both the male and female population with the 82 per cent of all loans made to married borrowers. For if we suppose that married couples living together are both vitally concerned with loans; that in the co-signers' group two persons (not a married couple) are vitally concerned, or three persons (a married couple and one other) where one of the co-signers is married and living with husband or wife; and that in the groups of individual loans only one person is concerned with each; then married persons living with husband or wife form 89 per cent of all those concerned with these 10,000 loans.[1] This will be an overestimate, however, for there is no doubt that other people not husband or wife (parents, children, for instance) who do not appear in the loan are sometimes equally vitally concerned. Of this source of possible overestimation we have an instance in the records which gave only one "maker" under question 17 but entered "co-maker" under question 28.

The explanation of the fact that most of the customers of the small loan office are married persons will be seen when we consider in Chapter VI the kind of security given for these loans. It may be stated in passing, however, that the reason is to be found, not in the greater financial responsibilities of the married, nor yet in

[1] The fact that there is a greater proportion of native whites of native parentage among our borrowers than in the general population would not materially affect this comparison. The percentage of native white males of native parentage who were married in the 17 states under consideration is 68.7 and of females, 67.9. For discussion of nativity of borrowers, see p. 35.

Although we have not included with the married borrowers those who are married but not living with husband or wife and the census figures do include such persons, their numbers are not large enough to make a material difference.

any greater tendency to borrow on their part, but rather in the fact that they have the kind of security acceptable to the class of lender here studied. The small loan business is conducted primarily in cities, household furniture is in general the only type of security owned by city dwellers of small means, and it is chiefly married people who have furniture. In other words, we must keep in mind that the making of a loan is itself a selective process.

Similarly perhaps we might explain the larger number of individual women than of individual men borrowers. As may be seen in Table 5, 79 per cent of the individual women borrowers had previously been married but were now widowed, divorced, or separated, 62 per cent being widowed.

When we turn to the group of individual men borrowers we find quite a different situation; more than half of them, 56 per cent, were single and only 31 per cent widowed. However, there were nearly twice as many individual women borrowers as individual men and the actual number of single men, 296, was not very different from the actual number of single women borrowers, 217. But the 651 widows far outweigh the 165 widowers, even when allowance is made for the somewhat greater number of widows than widowers in the general population. The divorced women also greatly exceed the men; 104 women and 40 men. This is what we should expect in both cases; women suddenly left by death or divorce without adequate financial support find it difficult to make ends meet.

The co-signers were in most cases a widowed mother or father and a single son or daughter. The figures in Table 5 show the status of only one of the co-signers of each loan, usually the one who played the more important part in the transaction.

The large proportion of married borrowers and of those who had been married, raises a question as to the effect of borrowing on family life. One of the serious evils disclosed by investigations into the business of "loan sharks" was the financial enmeshing of men who borrowed without the knowledge of their wives. Our figures throw some light on this point, so far as the present licensed small loan business is concerned. Of the 8,189 loans representing persons married and living together, 7,147, or 87 per cent, were signed by both husband and wife jointly, thus leaving no doubt about the

knowledge of both parties. It seems probable that in the case of many of the other married borrowers the husband or wife may have known of the loan. Evidently borrowing by married men without the knowledge of their wives is not now prevalent in the small loan business in states having small loan laws.

Age

Only 11 of the 9,632 borrowers for whom age was reported were under 21 years of age. The most common age period for all borrowers together and for the group of married men, was the thirties, with somewhat more in the late than in the early thirties. One married man only was under 21 years and none was over 80 years; 85 per cent were below 50 years of age. In a very few cases among the married couples where the husband was not occupied but the wife was, the age and occupation recorded were those of the wife, but these cases were too few to make any material difference.

The individual men were on the whole a younger group than the married men, but there seem to be two modes—that is, particularly common ages—in this group, one between 25 and 30 years, and one between 35 and 40 years. These may represent two classes of borrowers—one of young men without dependents, another of widowers with children.

The individual women borrowers were in general older than either the married men or the individual men. They were most often in the forties, with more in the fifties than in the thirties. Only 65 per cent of the individual women, as opposed to 85 per cent of the married men and 80 per cent of the individual men, were under 50 years of age.

To determine the most common ages, tabulation was made by five-year intervals, and the foregoing remarks are based upon these; but in Table 6 only the general percentages allowing comparison with the population are reproduced.

A comparison of the age of the borrowers with the age of corresponding classes in the population of the 17 states in which the loans were made is interesting and probably of significance.[1] In

[1] The fact that the groups of individual men and of individual women borrowers do not include the co-signers who are of the same marital status affects somewhat the comparison.

the group of married men, we find the proportion in the age periods 25 to 34 and 35 to 44 exceeds the proportion of married men in these age periods in the population by from one-quarter to one-third. In all other age periods the proportion of married men among borrowers is less than that in the population. While 71 per cent of the married men borrowers were from 25 to 44 years old, only 54 per cent of all the married men in the 17 states were of these ages, and only 57 per cent even of the corresponding group in the urban population.

TABLE 6.—AGE OF BORROWERS[a] AND OF POPULATION[b] IN 17 STATES

Age	Percentage distribution[c]								
	Married men			Individual men			Individual women		
	Among borrowers	In total population	In urban population	Among borrowers	In total population	In urban population	Among borrowers	In total population	In urban population
21 to 24 years	3	5	5	11	27	26	5	18	18
25 to 34 "	35	27	28	29	31	34	16	22	23
35 to 44 "	36	27	29	28	15	16	28	24	14
45 to 64 "	25	34	32	30	18	17	47	27	28
65 years and over	1	7	6	2	9	7	4	19	17
Total	100	100	100	100	100	100	100	100	100

[a] Excluding the 206 co-signers, and also 7 borrowers in other classes who are under 20 year of age.

[b] Based on 1920 Census, Vol. II, pp. 415–456. Those with age not reported are excluded. Marital status according to age of population by states being given only by 5 year intervals, estimates based on the distribution of the population of the whole country have been used to obtain figures for the age period 21 to 24, as well as to estimate the modification for urban population.

[c] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

When we compare the individual men with the corresponding class in the population of the 17 states—that is, the entire number of single, widowed, divorced, separated men—we find a somewhat different relation. The proportion is a little less for borrowers than for population for the age period 25 to 34, but in the age period 35 to 44 the proportion of borrowers greatly exceeds that of the population and the excess is still large in the 45 to 54 period.

Comparing the group of individual women with the corresponding single, widowed, divorced, and separated women in the population of the 17 states, we find that the proportion of women bor-

rowers remains less than the proportion of women in the population up to and through the age period 25 to 34. In the period 35 to 44 the proportion of borrowers first exceeds the proportion of the population, but is already nearly twice as great. The difference is even more marked in the next period, from 45 to 54. The proportion of women borrowers continues to be greater until age 65 is reached, after which it becomes less than one-third of that for the population.

Race and Nativity

Of the 10,000 loans, as shown in Table 7, 83 per cent were made by native white borrowers, 10 per cent by foreign-born white borrowers, 6 per cent by Negroes. Moreover, 66 per cent were not only native white themselves but had native fathers. Although

TABLE 7.—RACE, NATIVITY, AND PARENTAGE OF BORROWERS

	Percentage distribution[a] of			
	Married men	Individual men	Individual women	Total[b]
Native white:				
Father native	67	61	60	66
Father foreign-born	13	16	16	14
Father's nativity not reported	4	4	3	3
Total native white	84	81	79	83
Foreign-born white	10	11	10	10
White with nativity not reported	..	..	1	1
Total white	94	92	90	94
Negro	6	7	10	6
Chinese	..	1	..	..
Total	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.
[b] Including co-signers.

lenders claim that they do not discriminate against the foreign-born, it is not impossible that some persons of foreign birth may have falsely stated that they were born in this country in the belief that they would thereby more readily obtain a loan. In that case,

our figures may show an unduly large proportion of native white borrowers. Similarly the proportion of native white with native fathers may be excessive.

In the group of married couples, the nativity of the husband only was considered. Of these married men, 84 per cent were native white, 10 per cent foreign-born white, and 6 per cent Negro. The fathers of 67 per cent of the married men were also native. The groups of individual men and of individual women differed little from the married men in regard to race and nativity. The most important difference between the married and others was in the case of the native white with native fathers—about 67 per cent of the married men, and about 60 per cent of individual men and individual women. There was a slightly larger proportion of native white with foreign fathers among the individual men and women than among the married men. This harmonizes with the fact that both for men and for women, and for every age, the natives of foreign and mixed parentage are the group having the smallest proportion married. The total native white, however, remained larger proportionately for the married men than for any other group. Mere study of age-distribution of the borrowers would lead us to expect among married men slightly more native white and fewer foreign-born white than in the general population, and among individual men a bigger difference in the opposite direction —fewer native white and more foreign-born white.

The proportion of Negroes was greatest in the group of individual women borrowers, about 10 per cent, and least for married men, about 6 per cent, and in spite of the smallness of the numbers concerned, this difference is unlikely to be due to chance.

The significance of these figures becomes more apparent when we compare them with such figures as are obtainable for the population of the 17 states. The native white constitute a decidedly greater proportion of the married men borrowers than of the married men 20 years of age and over in the population—84 per cent of the borrowers as compared with 68 per cent of the population of the loan states.

Comparison with male population 20 and over instead of 21 and over is not satisfactory, however, and still less can one be content with comparing individual women with women of 15 and over in

the population. For all men, and for women who are not married, adjustments have been made on the basis of figures for the country at large to provide estimates for the distribution of the population of 21 years and over, and these are given in Table 8. While only

TABLE 8.—RACE AND NATIVITY OF BORROWERS AND OF POPULATION IN 17 STATES

	Per cent of men borrowers[a]	Per cent of men 20 years and over in population		Estimated per cent of men 21 years and over in population			
		States	Cities over 100,000	States	Cities over 100,000	Loan cities	Cities over 2,500
Native white	84	70	59	69	58	60	63
Foreign-born white	10	24	34	25	35	33	31
Negro	6	6	7	6	7	7	6
Total	100	100	100	100	100	100	100

	Per cent of individual women borrowers	Per cent of women 15 years and over, single, widowed, divorced and separated, in population		Estimated per cent of women 21 years and over, single, widowed, divorced and separated, in population		
		States	Cities over 100,000	States	Cities over 100,000	Loan cities
Native white	79	80	74	76	70	71
Foreign-born white	10	13	20	17	24	23
Negro	10	7	6	7	6	6
Race and nativity not reported	1	..	..	..	..	..
Total	100	100	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.
In particular, the estimated percentages above cannot be relied on as correct to 1 per cent.

rough approximations, these may certainly be regarded as better than the unadjusted figures for purposes of our comparison. It is finally assumed that the population of the loan communities resembles much more closely that of cities of over 100,000 population than that of the whole states, or even of the urban communities. From scrutiny of Table 8, it appears that among the women bor-

TABLE 9.—RACE-NATIVITY DISTRIBUTION OF MARRIED MALE BORROWERS AND OF MARRIED MALE POPULATION 20 YEARS AND OVER, FOR CERTAIN CITIES

City	Native white		City	Foreign-born white		City	Negro	
	Approximate per cent[a] of borrowers	Per cent of population		Approximate per cent[a] of borrowers	Per cent of population		Approximate per cent[a] of borrowers	Per cent of population
Reading	92	84	Detroit	21	45	Indianapolis	12	11
			Chicago		51			
Wilkes-Barre	85	59				Norfolk	8 to 10	37
Norfolk		54	Philadelphia	18	36	Chicago		5
Baltimore		65				Baltimore		16
Indianapolis		80						
Pittsburgh	81	55	Newark	12	50	Pittsburgh	5 to 7	8
Newark		45	Wilkes-Barre		40	Newark		5
			Pittsburgh		37	Philadelphia		8
Detroit	77	50	Baltimore	5	20	Reading	1½	1
Philadelphia		55	Reading		15	Wilkes-Barre		1
			Norfolk		9	Detroit		5
			Indianapolis		9			
Chicago	72	44						
All cities in study	84	68	All cities in study	10	26	All cities in study	6	7

[a] Excluding persons not reporting on race or nativity. Owing to the small number of loans for each city, these percentages may differ from the truly representative percentages by one or even two units; they must be regarded only as rough approximations.

rowers too the native white are much over-represented as compared with the foreign-born, although not nearly so heavily as among the men. The Negro women are noticeably over-represented among borrowers. No comparison of the borrowers with the population can be made as to parentage of the native white borrowers, because no attempt was made to learn the country of birth of the borrower's mother.

Comparing the borrowers with the population in the states covered by the questionnaire, it may be said in general that it was the native whites, and of them those with native fathers, that did the most borrowing, not only in absolute numbers but also relative to their number in the population. The foreign-born on the other hand appear to have borrowed less frequently than might have been expected from their number in the population.

Correspondence with prominent lenders on the subject of loans to foreigners and to those of foreign parentage reveals no attempt to discriminate against these classes. It is true that the foreign-born would be likely to borrow from lenders of their own nationality where possible, but only in New Jersey, Connecticut, and Massachusetts have we found any offices catering specifically to a foreign group. In some of the larger cities of these three states, there has been a development of Italian loan offices. We believe, however, that our figures reflect a real tendency on the part of those of foreign parentage to borrow less than the native whites of native parentage. Lenders themselves offer the explanation that the foreign-born and the children of the foreign-born have had a better training in thrift.

Race and Nativity of Married Men, by City. In order to determine more closely the effect of race and nativity on borrowing, Table 9 was prepared comparing the race and nativity distribution of married men borrowers and of married men 20 years of age and over in the population in each of 10 cities from which loans were reported by four or more offices.

In each of these cities the proportion of native white borrowers is higher among borrowers than in the population, and in all but two it is at least 20 points higher. It must be remembered, moreover, that we are comparing with married men 20 and over instead of 21 and over. Adjustment for this would probably transfer

about 1 per cent from the native to the foreign-born, thus heightening the contrast beyond what appears in the table. The least difference was in Indianapolis, and may not be significant in view of the smallness of the sample, and the next lowest was in Reading. In both these cities the percentage of native whites in the population is very high.

Conversely, the proportion of the foreign-born borrowers in each of the 10 cities was much less than the corresponding class in the population. In only five of the 10 cities, Norfolk, Detroit, Philadelphia, Reading, and Indianapolis, does the percentage of foreign-born among borrowers come near to being half that among the population. As the 10 cities vary in size, in location, and in character of industries, we believe that these figures indicate that the greater tendency to borrow on the part of the native whites than of the foreign-born is widespread and not due to peculiar local conditions.

In the case of the Negroes a conclusion is difficult to draw because of the smallness of the numbers. In Norfolk and Baltimore, which are the two distinctly southern cities of the list, the proportion of Negroes is much less among borrowers than in the population, under 10 per cent as against 37 and 16 per cent, respectively. In Detroit also, although Negroes are relatively fewer than in the two cities mentioned, the proportion found among borrowers is still relatively much smaller than among the population. Chicago, on the other hand, has certainly a higher proportion of Negroes among borrowers than among the population. For the other cities the differences are not great enough for their significance to be properly established. We have not found separate offices lending to Negroes. It is the opinion of lenders that there are proportionately more Negroes in northern than in southern cities who are in a position to obtain a loan. The best that the majority of Negroes in the South can do in this respect is to buy on the instalment plan, or to obtain credit from the local shopkeeper by giving a lien on their crops.

Country of Birth of White Borrowers

Distribution of borrowers by country of birth is significant chiefly when compared with the distribution of the population

from which the borrowers are drawn. Such comparison is not easily made with the available census figures. We can find for males over 21 in each state those born in each country. This, however, does not afford a very satisfactory comparison because the distribution by nativity differs between urban and rural communities. By supposing that the natives of each country found in each state are divided between urban and rural communities similarly in the case of men over 21 as of all persons, we can estimate the number of male natives of each country of age 21 and over in urban communities in the 17 states.

TABLE 10.—COUNTRY OF BIRTH OF WHITE BORROWERS AND OF WHITE URBAN POPULATION 21 YEARS AND OVER IN 17 STATES

Country of birth	Number of white borrowers				Percentage distribution[a]		
	Men		Women				
	Married	Single, widowed, divorced, separated	Single, widowed, divorced, separated	Total[b]	White men borrowers	White urban male population	All white male population
United States	6,863	433	851	8,314	89	67	74
Other countries	801	56	108	988	10½	33	26
Country not stated	41	2	7	51	½	..	..
Total	7,705	491	966	9,353	100	100	100
Germany	130	13	22	168	1½	3½	3
Great Britain	130[c]	3[c]	15[c]	152[c]	1½	2½	2
Ireland	77	7	42	133	1	2½	1½
Italy	117	6	..	125	1½	4	3
Sweden	51	7	9	69	1	1½	1½
Russia	61	1	3	65	1	3½	2½
Canada	52	4	6	63	½	3	2½
Austria	41	4	3	48	½	1½	1
Poland	41	1	1	43	½	4	2½
Other foreign countries	101[c]	10[c]	7[c]	122[c]	1½	7	6½

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

[b] Including 191 co-signers.

[c] These figures may be incorrect by a few units.

The results of this are given in Table 10. It will be seen that every foreign country is under-represented among borrowers as compared with the United States natives, but the degree of under-representation varies. The United States percentage representa-

tion among borrowers is 1.3 times its representation in the population, a ratio more than double that for any other country. Great Britain comes next with .6, then Germany and Sweden with .5; Italy, Ireland and Austria with .4; Canada and Russia with .2, and Poland with .1.

We shall not venture to try to account for these findings. No doubt many factors play a part. Among the individual women borrowers, the large proportion of Irish cannot escape notice, nor the absence of Italians. But, the numbers are so small that almost anything may be due to accident of sampling.

Conclusions can be drawn only for men borrowers. Information is lacking for wives of borrowers, the individual women are too small a group, and moreover the census tables are not subdivided by marital condition.

TABLE 11.—COUNTRY OF BIRTH OF FATHERS OF NATIVE WHITE BORROWERS

Country of birth of father	Number of native white borrowers				Per cent of all native white men borrowers[b]
	Married men	Individual men	Individual women	Total[a]	
United States	5,506	325	650	6,614	80
Other countries	1,095	85	167	1,375	16
Country not stated	262	23	34	325	4
Total	6,863	433	851	8,314	100
Germany	355	25	47	432	4½
Ireland	241	20	65	342	3
Great Britain	209[c]	8[c]	25[c]	245[c]	2½
Canada	48	6	5	61	1
Sweden	42	9	8	59	½
Italy	40	6	2	48	½
Poland	37	4	2	44	½
Russia	28	3	1	33	½
Other foreign countries	95[c]	4[c]	12[c]	111[c]	1½

[a] Including co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.
[c] These figures may be incorrect by a few units.

Country of Birth of Fathers of Native White Borrowers. There is nothing about the distribution of borrowers by country of birth of fathers, shown in Table 11, which seems particularly surprising, but this fact has not much significance in view of the impossibility

of producing comparable figures from census material which might tell us what to expect. Again, nothing can safely be said about the women, and the following sentences concern only the men. The contributions of Germany and Ireland to the fathers would be expected to be much larger than to the borrowers themselves, since earlier immigration was from those countries, and even if we take the fathers of the whole 1920 population the proportions from these countries are much increased, while if we cut off the fathers of persons under 21 years of age, the effect would be even greater. Conversely, the contributions of Italy, Russia, and Poland would be expected to be very much smaller because immigration from them came later. Probably men with fathers from Great Britain, Canada, and Sweden are rarer among men borrowers than in the corresponding male population.

Number of Children

The number and age of children under 16 years of age belonging to the borrower were among the questions asked, and these facts, reported for 9,749 of 10,000 loans, are shown in Tables 12 and 13.

TABLE 12.—NUMBER OF CHILDREN UNDER 16 YEARS, OF BORROWERS

Number of children	Number of borrowers				Percentage distribution[a]			
	Married couples	Individual men	Individual women	Total[b]	Married couples	Individual men	Individual women	Total
0	2,660	440[d]	812[c]	4,077	33	84	77	42
1	1,638	33	140	1,837	21	6	13	19
2	1,684	31	70	1,794	21	6	7	18
3	1,020	11	25	1,061	13	2	2	11
4	541	8	9	559	7			6
5	235	2	1	238	3		1	2
6	125	1	1	127		2		
7	33	1	1	35				
8	14	..	..	14	2			2
9	4	..	..	4				
10	3	..	..	3				
Total reporting number of children	7,957	527	1,059	9,749	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

[b] Including 206 co-signers.

[c] 217 reported as single.

[d] 296 reported as single.

For the entire number of borrowers, as well as for each group separately, the borrower with no children is most common of all, one child is more common than two,[1] two than three, and so on. This is what is to be expected of population groups in general. The percentage with no children is very high for individual women and for individual men. This is due, in part, to the considerable proportion of single persons among these borrowers, but each of these groups is too mixed in its composition for this distribution to have much significance.

TABLE 13.—NUMBER OF CHILDREN UNDER 16 YEARS, OF MARRIED COUPLES, BY RACE AND NATIVITY OF HUSBAND

Number of children	Percentage distribution of married couples[a]				
	Native white	Foreign-born white	Total white[b]	Negro	Total
0	32	29	32	53	33
1	21	16	21	20	21
2	22	22	22	11	21
3	13	16	13	9	13
4	7	9	7	4	7
5	3	4	3	2	3
6 or more	2	4	2	1	2
Total reporting number of children	100	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit or even more may sometimes not be significant. See p. 23.

[b] Including white with nativity not reported.

It is natural to ask whether there are in general more children per family among married borrowers than among the population from which they are drawn. Unfortunately, there are no figures with which comparison can be made. For the United States, tabulation by number of children has been made only here and there of small population groups which may well fail to be typical, and while a wealth of comprehensive material is available for other countries, the situations disclosed might not be parallel to that in the United States.

As regards comparative number of children, then, the only statement that can be ventured on is that no reason can be found for supposing these borrowers atypical of population. This statement

[1] Except that for married couples, two is slightly more common than one.

has no very high order of significance, since on the other hand, no confirmation can be found for supposing them typical, as the federal census still omits to tabulate information on this head.

For married couples, the number of children has been tabulated by race and nativity. It appears that the foreign-born white borrowers have larger families than the native white, and that all white borrowers have larger families than Negro borrowers have. Since most of our borrowers lived in cities, this last fact is not surprising, as for 48 of the 80 cities which had a Negro population of more than 10,000 the birth-rate for Negroes in 1921 was found to be lower than that for the white population, while the infant mortality rate is generally about half as high again for Negro population as for white.

CHAPTER III

THE BORROWER'S ECONOMIC STATUS

Gainful Employment

THE employment status of the 10,000 borrowers, and of all men and all women borrowers separately, is shown in Table 14. The 8,834 men borrowers include the married men, the individual men, and the men taken to represent co-signer loans. The 1,166 women borrowers include the individual women and the women taken to represent co-signer loans. The employment status of borrowers as tabulated applies to the borrower's regular or principal occupation in case he or she has more than one gainful occupation. "Gainfully employed" is used as meaning "usually employed at a gainful occupation." This does not include women engaged in housekeeping in their own homes, but does include boarding-house keepers. Those tabulated as "not gainfully employed" were not intended to include persons temporarily without employment. This corresponds with the meaning of these terms as used in the federal census.

TABLE 14.—EMPLOYMENT STATUS OF BORROWERS

	Men		Women		Total	
	Number	Per cent[a]	Number	Per cent[a]	Number	Per cent[a]
Gainfully employed	8,792	99½	905	78	9,697	97
Not gainfully employed	42	½	261	22	303	3
Total borrowers	8,834	100	1,166	100	10,000	100
Employe	7,499	86	602	67	8,101	84½
Self-employed	467	5½	250	28	717	7½
Employer	728	8½	50	5	778	8
Total with detail given	8,694	100	902	100	9,596	100
Detail not given	98	..	3	..	101	..
Total gainfully employed	8,792	..	905	..	9,697	..

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

BORROWER'S ECONOMIC STATUS

Of all the borrowers, only 3 per cent were not usually gainfully employed. Of the 42 men not gainfully employed, some were ex-soldiers receiving vocational training allowances from the government, or men receiving military or industrial pensions. Of the women, 261, or about 22 per cent, were not usually gainfully employed. Most of the not gainfully employed women had children who worked and partly or wholly supported the family while the mother kept house.

TABLE 15.—PROPORTION OF BORROWERS AND OF POPULATION GAINFULLY EMPLOYED, BY RACE AND SEX

	Borrowers			Per cent of population gainfully employed		
	Total	Number gainfully employed	Per cent gainfully employed[a]	Loan cities over 100,000	17 states	United States
				(20 years and over)		
Men	8,834	8,792	99½	94½	92½	92½
White	8,305	8,264	99½	95	92½	92
Negro	529	528	99¾	97	95½	95½
				(15 years and over)		
Women, excluding married women	1,166	905	78	60	47	51
White	1,052	795	76	60	31	49½
Negro	114	110	96	71	58½	68
				(20 years and over)		
Married women[b]	8,189	771	9½	10½	7½	9
White	..	..	..	8	6	6½
Negro	..	..	..	39½	27	33

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

[b] These are wives where loans were made to married couples. Their husbands are included among the men above.

Comparing with the corresponding proportion of the general population, we find that a larger proportion of the borrowers are gainfully employed. This is shown in Table 15. Here, and in the tables immediately following, two comparisons are attempted with the corresponding general population, first with the population of the 17 loan states, and then with the population of the 35 cities

represented by the loans for which statistics of occupation are available, that is, those having over 100,000 population. This is done because a much larger proportion of the population is usually gainfully employed in cities than in rural districts, and as already pointed out these borrowers are from cities. Figures for the entire United States are also shown. In making this comparison it should be noted that the United States census in 1920 showed a marked decrease in the proportion of the population gainfully employed as compared with 1910, and that this decrease may be explained by deficiency in the number reported gainfully employed.[1] Hence the contrast of borrowers with population in this respect may have an exaggerated appearance due to a weakness of the 1920 census.

For men, the percentages employed are in all cases so large that the differences between them can only be small. There is a decided difference, however, for the women, with 78 per cent of borrowers employed and only 47 per cent of the corresponding female population[2] in the 17 states and 60 per cent in the cities. It should be noticed, however, that the population figures are for women of 15 years of age and over. The proportion for loan cities of women over 21 years of age gainfully employed would probably be about 61½ per cent instead of 60.

Since age is closely connected with the question of gainful occupation, some comment on the degree and tendency of that connection is in place. For men, those not gainfully occupied were 7½ per cent for the United States, but for men with the borrowers' age-distribution we should expect 4½ per cent, while among our actual borrowers there were ½ per cent. For individual women, in the United States there were 49 per cent not gainfully occupied, for women of the borrowers' ages we should expect 30 per cent, while among the actual borrowers, there were 22 per cent. Evidently, a significant difference between borrowers and population

[1] Fourteenth Census of the United States, Vol. IV, Population 1920, Occupations, pp. 18–24. The decrease was found to belong predominantly to the two major occupational groups, "agriculture, forestry, and animal husbandry," and "domestic and personal service."

[2] The percentage given as for the general population is actually that for single, widowed, divorced and separated women who are 15 years of age and over. The percentage gainfully employed of women in this marital group 20 years of age and over is not obtainable for states and cities, but the percentage for the whole United States, for both white and Negro women, is the same for 15 years and over as for 20 years and over.

will remain as to gainful occupation even when the effect of difference of age has been considered.

As the proportion gainfully employed differs for whites and Negroes, especially among women, figures are given by race for both the borrowers and the population in Table 15. The proportion of white and of Negro men borrowers gainfully employed was practically the same, but of the women borrowers, 76 per cent of the white and 96 per cent of the Negro were gainfully employed. Among the Negro borrowers, nearly as large a proportion of women as of men were gainfully employed, but this is not true of the Negro population of the states or of the cities.

Of the borrowers who were gainfully employed, we find that the majority were employed by others, namely 86 per cent of the men and 67 per cent of the women. Of the men, 8½ per cent, and of the women, 5 per cent, were employers. It might be expected that the proportion of employers would be less among the women, but we were surprised to find so high a proportion of employers among the men who borrow from small loan offices. It should be pointed out that most of them had few employes. The large proportion of self-employed women, more than one-fourth of the women gainfully employed, is due to the large number engaged in such pursuits as boarding-house keeping and dressmaking.

Occupations

The occupation and wage of the borrowers may serve better than any other data to indicate the place of small loan borrowers in the economic scale. The occupations of the borrowers are spread over a large and varied field; in fact, nearly every sphere of human endeavor is represented. The proportion of those engaged in different pursuits, however, shows more or less divergence from the population of the loan area.

In comparing the distribution of borrowers with that of the population from which they are drawn, we are confronted in the study of occupational distribution by greater difficulty than arose in former comparisons. Earlier comparisons were chiefly made with the total population of the 17 states. But a much larger proportion of the borrowers than of the state population lived in

cities, and this disparity is perhaps more disturbing to occupational distribution than to any other. Comparison has, therefore, been made with the population of the larger loan cities[1] and it may reasonably be supposed that the distribution of the true population from which the borrowers are drawn lies between these two and nearer to the latter. The prominent difference comes in the prevalence of agricultural employment, and we see in Table 16 that the proportion for borrowers lies between those for large cities and for the 17 states and closer to the former, as would be expected.

TABLE 16.—PER CENT[a] OF GAINFULLY EMPLOYED BORROWERS AND OF POPULATION ENGAGED IN AGRICULTURE

	Men				Women			
		Population				Population		
	Borrowers	Loan cities over 100,000	17 states	United States	Borrowers	Loan cities over 100,000	17 states	United States
Total:								
All in agriculture	3½	½	22½	29	½	..	4½	9
Farmers	2½	..	15½	20	..	..	..	..
White:								
All in agriculture	3½	..	..	27	½	..	..	5
Farmers	2½	..	..	19	..	..	..	..
Negro:								
All in agriculture	1½	..	..	45	..	..	..	33
Farmers	1	..	..	30½	..	..	..	..

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

The table shows that 3½ per cent of the gainfully employed male borrowers are in agriculture as against 22½ per cent for the 17 states, and 29 per cent for the United States. Whether the reason be that the agricultural worker does not need small loans, or that he would have difficulty in procuring them because of distance from the office, or of any other circumstance, evidently he does not tend to patronize the small loan office.

In order to prevent the small proportion of borrowers engaged in agriculture from disturbing other percentage comparisons, the

[1] Occupational data for the smaller cities being unavailable.

agricultural group was removed before the percentages were computed for the following tables on occupation.

TABLE 17.—OCCUPATIONS OF GAINFULLY EMPLOYED BORROWERS AND OF POPULATION, SUMMARY

	Men				Women[a]		
	Borrowers		Population[b]		Borrowers[c]		Population[b]
	Number	Per cent[d]	Per cent		Number	Per cent[d]	Per cent
			Loan cities over 100,000	17[e] states			Loan cities over 100,000
Total gainfully employed	8,792	..	..	..	905	..	..
Not reporting occupations	115	..	..	..	8	..	..
Total reporting occupations	8,677	100	100	100	897	100	100
Engaged in agriculture	286	3½	½	23	3	..	..
Engaged otherwise than in agriculture	8,391	100	100	100	894	100	100
Extraction of minerals	260	3	½	6	..	..	..
Manufacturing and mechanical industries	4,023	48	51½	49½	187	21	25½
Transportation	1,407	17	10½	11½	24	2½	3
Trade	1,105	13	16	14½	62	7	10
Public service	320	4	3	3	2	..	..
Professional service	210	2½	4½	4½	79	9	12
Domestic and personal service	427	5	5½	4½	426	47½	24
Clerical	639	7½	8½	6½	114	13	25½

[a] The 771 gainfully occupied wives of married men are excluded. The comparative figures for population are for single, widowed, divorced, or separated women.

[b] The population figures are as estimated for persons of 21 years and over.

[c] See p. 58 for effect of seasonal maldistribution upon the distribution of women borrowers by occupation.

[d] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit or more may sometimes not be significant. See p. 23.

[e] The occupational distribution for the whole United States differs appreciably from that for the 17 states only by having more in agriculture and less in manufacturing and mechanical industries.

For the eight general divisions of industry in which all non-agricultural occupations are classified in the federal census, comparison of the borrowers' percentages with those for population is made in Table 17. The manufacturing and mechanical industries are slightly under-represented, and the trade group and the professional service group likewise, while transportation is heavily

TABLE 18.—OCCUPATIONS OF MEN NOT IN AGRICULTURE

Occupation	Percentage distribution					
	All men		White men		Negro men	
	Borrowers[a]	Population loan cities over 100,000[b]	Borrowers[a]	Population United States[c]	Borrowers[a]	Population United States[c]
Extraction of minerals	3	½	3	4½	2½	4½
Coal mine operatives	2½	..	2½	3	2½	3½
Manufacturing and mechanical industries	48	51½	49	47	34	46
Semi-skilled operatives	11½	11	12	9½	6½	5
Laborers	5½	11	4½	10	14	30½
Machinists, millwrights, toolmakers	5	5½	5½	4½	1	½
Carpenters	3½	3	3½	4	2	2
Painters, glaziers, varnishers, etc.	2½	1½	2½	1½	1	½
Foremen and overseers	2	1½	2	1½	½	..
Engineers (stationary), cranemen, etc.	1½	1	1½	1½	1	½
Mechanics	1½	1	1½	1	½	½
Electricians	1½	1	1½	1	..	..
Plumbers, gas and steamfitters	1	1	1½	1	..	..
Transportation	17	10½	16½	12	18	18½
Chauffeurs	3	1½	3	1	4	2½
Draymen, teamsters, and expressmen	2	1½	1½	1½	4	3½
Brakemen	1½	½	1½	½	½	½
Laborers	1½	2	1	2½	4	8½
Switchmen, flagmen, and yardmen	1	½	1½	½	½	..
Trade	13	16	13½	16	6	7½
Retail dealers	3	5	3	6	2	1½
Commercial travelers and salesmen in stores	5	4½	5	4½	..	..
Deliverymen	1	1	1½	½	..	1½
Insurance agents	1	½	1½	½	..	..
Public service	4	3	4	3½	4	3
Professional service	2½	4½	2½	5½	3	2½
Domestic and personal service	5	5½	3½	4½	28½	16½
Janitors and sextons	1½	1	..	½	9½	..
Clerical occupations	7½	8½	8	7	4	1½
Clerks (not in stores)	5½	5½	6	4	3	1
Total reporting non-agricultural occupations	100	100	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

[b] These percentages are estimated for men 21 years and over.

[c] These percentages are estimated for men 20 years and over.

over-represented. The other groups appear to have proportional representation.

Occupations of Men. Table 18 shows the leading individual occupations of the men borrowers classified under the eight main groups just described, and gives similar comparisons with the population.

This table must be used with caution, for small differences in percentages are not necessarily significant. Subdivisions by age in the census reports are unsatisfactorily few; thus, complicated and only approximate adjustments have been necessary to arrive at an estimate of the occupational distribution of males over 21 instead of over 20. Hence, the percentages for population are not to be depended upon as entirely accurate. This uncertainty, however, is very much less than that concerning borrowers which arises from the nature of the sample.[1]

If we seek the particular pursuits which contributed large numbers of men borrowers in the transportation group (a group which showed an excess of borrowers), we find for each occupation separately given in Table 18 an apparently larger percentage among the borrowers than in either states or cities, except for laborers, which have a smaller percentage. The number of brakemen may have been increased by the railroad strike which occurred during the summer when the first of the questionnaires were filled out.[2]

While the largest absolute number of borrowers were engaged in manufacturing and mechanical industries, in comparison with the number of men in the population engaged in such pursuits this group was not excessive in size. On account of the great diversity of kinds of work and industries represented, it is particularly difficult to sort out occupations from which a relatively large or small number of borrowers came. It may be said in general that in this group are the occupations affected by business depressions, seasonal unemployment and industrial conflicts. The percentages of borrowers for painters, foremen, engineers, mechanics, electricians, seem to be relatively high. The percentage for laborers, however, was markedly low in proportion to the population.

[1] See p. 23.

[2] The railroad strike began July 1, 1922, and lasted into the autumn for varying lengths of time on different roads.

The trade group, also, shows diverse tendencies in the contributions of individual occupations. The figures for retail dealers seemed to be low in relation to the population, while deliverymen and insurance agents perhaps borrowed comparatively frequently. Commercial travelers and store salesmen taken together seem to show over-representation, and it is probable that the over-representation belongs among the commercial travelers rather than among the store salesmen. Since salesmen are four times as numerous as commercial travelers in the population, the over-representation of the latter is probably quite heavy. This is to be expected, since these men live a very irregular life, are away from home a great deal, and are continually confronted by invitations to spend. The necessity of advancing money for traveling expenses out of their own funds, and the commission system, may also materially add to the numbers who borrow. In many cases it was impossible to tell from the questionnaire whether a man whose occupation was given as salesman worked in a store or traveled, hence it has seemed too hazardous to attempt a separation of the two occupations. The work of insurance agents is very similar to that of traveling salesmen. They usually work on a commission basis, which makes their income irregular and uncertain and increases the difficulty of providing for emergencies or periods of small income.

Among the borrowers grouped under the general heading of clerical occupations, the vast majority (478) were classified as clerks. While clerical occupations as a whole were somewhat under-represented among borrowers, clerks showed a slightly excessive proportion of borrowers. These persons represent a class of workers who receive a small, fixed salary. Regularity of employment may in many cases compensate for a rate of pay lower than that received by the skilled mechanic, but probably a higher standard of living generally makes the net result disadvantageous to the salaried man. It may be also that, without the fear of unemployment perpetually in the background, the man with a permanent position and a fixed salary, however small, is less likely to have a little money laid away when an emergency arises. At any rate, the financial difficulties of the male clerical worker of the present day are so well known that we should expect to meet him among the patrons of the small loan offices.

In the domestic and personal service group, the most common single occupation was that of janitor, with 111 out of the 427 in this group. It appears to be over-represented, but the numbers are too small for certainty.

The great majority in the extraction of minerals group were coal mine operatives. It is difficult to tell whether or not this group is proportionally represented, owing to the disparity between the proportions found in the loan cities and in the loan states, but in any case the number of borrowers engaged in coal mining is likely to be larger than would usually be found, on account of the strike of coal miners which had been going on for the months just previous to August, 1922, when the first questionnaires were filled out. Pennsylvania made a much larger contribution to the total of loans than any other state, and the Pennsylvania loans came predominantly from the coal districts. Since the occupation of mining is remarkable for its very high proportion of foreign-born, and since we have the foreign-born population much under-represented among borrowers, we might expect to find mining under-represented among borrowers' occupations.

Professional service was the smallest occupational group of men borrowers (210 men), and the only group in which there was a markedly smaller proportion of borrowers than population. These are scattered over a considerable variety of professional and semi-professional pursuits not excepting the most respected of the older professions. But there were not enough borrowers in any single occupation to warrant comparison with the population. The ratio for the whole professional group is considerably raised by the presence of 22 so-called showmen who are not popularly thought of as professional men. They include such occupations as moving picture operators. If the showmen are omitted from the group total the ratio for professional service is still further reduced. Here again we may remark that the foreign-born population has low representation in the professional group of occupations; therefore, had other things been equal, we should have expected to find the representation of professional occupations among borrowers slightly high.

These comments on the occupations of men borrowers must be taken with the general warning that they are liable to disturbance

by the effects of maldistribution of loans. Such analysis of the effect of seasonal misrepresentation as is possible indicates that the main occupational groups in Table 17 are not thereby distorted, but it is possible that separate occupations may suffer in that way. The possibility of distortion by the location of the reporting loan offices cannot be investigated. It is likely that there is considerable misrepresentation arising from this source, but no one can tell where it lies or in what direction it acts. Hence, no comparative statement should be taken as certainly true.

Occupations of Individual Women. The women of the co-signer group have been combined with the individual women making a total of 905 women borrowers, excluding wives among married couples, and for 897 of these the occupation was reported. Their occupational distribution differs widely, of course, from that of the men, as already shown in Table 17. Comparison of women borrowers with gainfully employed women of corresponding marital status[1] in the entire population of the loan cities, is made in Table 19. It shows that domestic and personal service, the age-old pursuits of women, which claimed nearly half of the women borrowers, has practically twice as great a proportion among borrowers as in female population. Indeed, when one group shows so overwhelming an excess it is only to be expected that nearly all the others should be under-represented. Even if percentages based on all women occupied and unoccupied are compared, only one additional group shows an excess, that of transportation, while manufacturing and mechanical industries have about their own quota. This group, however, was the only one which showed an excess of borrowers among occupied borrowers. Manufacturing and mechanical industries and trade were under-represented by about a quarter, clerical occupations by a half, and professional service slightly. Transportation was just about proportionately represented. These figures would appear to indicate that women

[1] Figures for occupations are given only by broad age groups in the census, and for the cities could be obtained only for women of 15 years of age and over. Working from the figures for the whole United States, estimates have been made of the occupational distribution of women of 21 years and over of the required marital status. The modified distribution is noticeably different from that for 15 years and over, and though in the circumstances the accuracy of the first decimal place cannot be vouched for, the modification is certainly an improvement, and the results are, at least, as dependable as those of the sample of borrowers.

in domestic and personal service were most addicted to borrowing, and those in clerical occupations least.

TABLE 19.—OCCUPATIONS OF WOMEN, SINGLE, WIDOWED, DIVORCED AND SEPARATED—NOT IN AGRICULTURE[a]

Occupation	Percentage distribution					
	All women		White women		Negro women	
	Borrowers[b]	Population loan cities over 100,000[c]	Borrowers[b]	Population United States[d]	Borrowers[b]	Population United States[d]
Manufacturing and mechanical industries	21	25½	23	26	7	10½
Dressmakers and seamstresses, not in factories	8½	2½	8½	3	6	2½
Semi-skilled operatives	10	19	11½	18½	1	4½
Transportation	2½	3	3	3	..	½
Telephone operators	2	2	2½	3	..	..
Trade	7	10	8	9½	1	1
Saleswomen in stores	5	5	5½	6	..	½
Retail dealers	1½	1	1½	1	..	..
Public service	..	..	..	..	..	..
Professional service	9	12	8½	16½	10	5
Teachers, school	5½	6	5½	10½	8	3½
Trained nurses	1½	2½	1½	..	1	½
Domestic and personal service	47½	24	43	20½	81	82
Barbers, hairdressers, and manicurists	1½	..	1	½	4	1
Boarding- and lodging-house keepers	23	1	24	1½	17	1
Charwomen and cleaners	2	..	1½	..	5	½
Housekeepers and stewardesses	2	2	2	3	4	1½
Janitresses	2½	..	2½	..	2	½
Laundresses, not in laundry	2½	2	1	1	15	24½
Nurses, not trained	2	1½	2	2	1	1½
Servants	8½	12	5	9½	32	46½
Waitresses	1½	1½	2	1½	1	1½
Clerical occupations	13	25½	14½	24	1	1
Clerks	6	9½	6½	..	..	½
Stenographers and typists	4	11½	4½	10	1	½
Total reporting non-agricultural occupations	100	100	100	100	100	100

[a] The population figures do not include separated women.

[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 58 for adjustments necessary for seasonal maldistribution.

[c] These percentages are estimated for women 21 years and over.

[d] These percentages are estimated for women 20 years and over.

Unfortunately, the distribution of loans through the year makes these occupation percentages unrepresentative. Adjustment for seasonal variation results in 6½ per cent instead of 9 for professional service, 46 instead of 47½ for domestic and personal service, 15½ instead of 13 for clerical occupations, 21½ instead of 21 for manufacturing, 2 instead of 2½ for transportation, 7½ instead of 7 for trade, and 1 instead of 0 for public service. This would make the professional women appear the least addicted to borrowing from the small loan office.

Turning from the major occupational groups to the individual occupations which compose them, we find more illuminating data. While the domestic and personal service group showed a large excess of borrowers, this excess was by no means evenly distributed over the various occupations within the group. The occupation of servant, which is by far the most frequent of this group in the population at large, furnished a smaller proportion of the borrowers than of the female population. This was to be expected in view of the high wages now paid to domestic servants. We may here again glance at distribution by nativity. Domestic servants are well known to be heavily recruited from the foreign-born, and since we have few foreign-born among borrowers we might expect to have comparatively few domestic servants.

The largest number of women borrowers found in any one occupation was that of keepers of boarding- and lodging-houses, who comprised 23 per cent or nearly one-quarter of all the women borrowers gainfully employed and nearly one-half of those in domestic and personal service, while only 1 per cent of all the occupied women in the loan area were boarding- and lodging-house keepers.

From the peculiarity of the 1920 census already remarked upon, it is possible that a small part of the surplus of boarding-house keepers among borrowers may be due to a narrower interpretation of "gainfully employed" in that census. The borrowers in other individual occupations in the domestic and personal service group seemed to be distributed in about the same proportion as the population, with percentages in some occupations slightly in excess

for borrowers, but the numbers are so small that much weight should not be given to slight variations.[1]

Manufacturing was considerably below its quota, but two individual occupations in this group stand out with contrasting tendencies, those of dressmakers and seamstresses and of semi-skilled operatives in textile industries. Dressmakers and seamstresses claimed a much larger proportion of the borrowers than would be accounted for by their numbers in the population, while semi-skilled operatives had even a relatively smaller proportion of borrowers than the group as a whole. Dressmakers and seamstresses might well be expected to have to borrow, since their occupation is fitful and seasonal. Perhaps also they may have difficulty in collecting promptly what is owed them.

Professional service is the group in which we should expect to find fewest borrowers from the small loan office. While the ratio of the group as a whole is slightly low, it shows up less favorably than most others. However, the percentage for borrowers is higher than it should be on account of seasonal maldistribution of records.

In trade, the saleswomen were in the same proportion as they would be if borrowers were evenly distributed over all occupations, while retail dealers, although few in number, were slightly above their quota.

The only occupational group of appreciable size in the transportation group was that of telephone operators, with 2 per cent, which was somewhat low in proportion to the population.

Of the women in clerical occupations, both the clerks (other than clerks in stores) and the stenographers and typists had a very low proportion of borrowers, as did this whole group. Again, however, adjustment for seasonal maldistribution would make a slight change, increasing these proportions.

There is again no possibility of gauging the amount or direction of misrepresentation due to the location of contributing loan offices, but it may be expected to be less for women than for men.

A last word, remaining to be said about occupational distribu-

[1] On account of the difficulty in distinguishing between laundry operatives and laundresses not working in laundries, many of the latter may have been classified as laundry operatives.

tion, concerns age-distribution as a factor in the situation. If borrowing is more common at one time of life than at another, occupations particularly prevalent at the over-represented ages may be expected to occur more often among borrowers than among the general population. Conversely, of course, if some occupations conduce particularly to borrowing, the age-distribution of those occupations may have a predominant effect on the age-distribution of borrowers. Such rough calculations have been made as the meager age data published by the census allow, in order to see what occupational distribution would be expected of a population with ages roughly similar to those of the borrowers. Unfortunately, census figures are not given by marital status, so that a direct comparison is not possible. But if we suppose that the effect on the single, widowed, divorced, or separated women of the change of age-distribution would be similar to the corresponding change for all women together, significant contrasts appear for the last three occupational groups, as is shown in the following tabular statement:

Percentage distribution of single, widowed, divorced, and separated women 21 years and over, gainfully employed but not in agriculture, according to occupation:

Occupation	Borrowers	Population in loan cities	
		Expectation from borrowers' ages	Actual
Professional service	9	10	12
Domestic and personal service	47½	31	24
Clerical occupations	13	17	25½
All other occupations	30½	42	38½
Total	100	100	100

Hence, it appears that age-distribution alone would suggest a considerable occupational shift in the direction of the distribution actually found. For the other occupational groups, no significant difference was found. But these three are in fact the groups where there appeared to be a contrast calling for comment.

We must guard against giving an impression that age is in any sense the predominant factor in making a person a small loan borrower. The intention is to show that age is closely interconnected with other attributes of the borrowers. One might equally

well seek to find what ages are to be expected in a population distributed like the borrowers as regards occupation. For men, the result is as follows:

Percentage distribution of men 21 years and over:

Age	Borrowers	Population in loan cities	
		Expectation from borrowers' occupations	Actual
21 to 24 years	4	10	12
25 to 44 years	70	57	51
45 to 64 years	25	29	29
65 years and over	1	4	8
Total	100	100	100

That is, the occupational distribution would imply a smaller proportion of the oldest and youngest than are found in the population at large, although by no means so great a diminution as is actually found among borrowers. For individual women, a similar analysis cannot be made for lack of census figures by marital condition. If it could be considered plausible to assume that the inclusion of married women in the census figures would not seriously change the effect of occupational distribution upon age, the occupational distribution would in each case lead us to expect age modification in the direction indicated, though less than was actually found.

Occupations by Race. The striking difference between the white and Negro borrowers as regards occupational distribution is to be found in domestic and personal service. The proportion of Negro borrowers found in this group was far greater than that of white borrowers. Of the Negro men borrowers 28½ per cent were found in these occupations as opposed to 3½ per cent of the male white borrowers, and 81 per cent of the Negro women borrowers as opposed to 43 per cent of the white women borrowers. The occupational distribution according to race for men and women borrowers respectively is shown in Tables 18 and 19.

A larger proportion of Negro men in the transportation group resulted from a considerably larger proportion of Negroes in some occupations, such as teamsters, chauffeurs, and railroad laborers. There was a smaller proportion of Negro men in clerical occupations, in trade, and in manufacturing and mechanical industries.

In the latter group, the proportion of laborers was considerably larger for colored than for white borrowers, but this was more than counterbalanced by the small proportion of Negroes in skilled occupations.

Turning to women, we see, as stated above, that of the Negro women borrowers gainfully employed whose occupations were reported, 81 per cent were in domestic and personal service. In this group the occupation of servant was most common, with 32 per cent; this, and that of laundress, with 15 per cent, were much more common than among white women, although quite low as compared with Negro population. Lodging-house keepers, with 17 per cent, although very high as compared with the proportion in the population, were low as compared with white women borrowers. The next most important group among Negro women borrowers was professional service, but this is already too small a group for comparisons to be relied on.

In manufacturing and mechanical industries, the same situation as to borrowing is found among Negro women as among white, though the proportion of population concerned is less.

In general, the differences as to occupation between white and Negro borrowers, both men and women, appear to reflect chiefly the differences in occupational distribution rather than differences in borrowing tendencies of the two races. Comparisons for the races have been made with the population of the United States, of 15 years of age and over, alone, because of the impossibility of obtaining comparable population figures for cities and for states. This means that the figures fall considerably short of giving accurate representation of the population from which the borrowers are drawn. They may, however, be of use at least so far as to show whether the same sort of relationship holds, between races, for borrowers and for the general population.

Occupations of Wives. Comparative occupational distribution, of borrowers' wives and of married women of 21 and over in the loan cities of 100,000 or more population who are gainfully employed, is given in Table 20.

It appears probable from this that those in manufacture are under-represented and those in trade over-represented. Among the former, however, dressmakers and seamstresses seem over-rep-

resented. As regards the percentages with no occupation and engaged in domestic and personal service conclusions cannot safely be drawn, because it is difficult to decide exactly when a woman becomes a boarding- or lodging-house keeper. Of 762 borrowers' wives who kept boarders or lodgers, only 54 were regarded as occupied. In these 54 cases, the wife appeared to make a business of taking boarders or lodgers, and to regard it as her occupation. If, however, we were to classify all the others as boarding- or lodging-house keepers, the percentage for the latter would rise from 1 to 19, that for the whole group of domestic and personal service would rise from 3½ to 12, and that for unoccupied women would fall from 90½ to 82. Thus, the transference of a fraction of these wives who keep boarders would adjust the percentages to agree with those for the population.

TABLE 20.—OCCUPATIONS OF WIVES GAINFULLY EMPLOYED

Occupation	Percentage distribution	
	Borrowers' wives	Wives in population, loan cities over 100,000
None	90½	90
Manufacturing and mechanical industries	2½	3½
Trade	2	1
Professional service	½	½
Domestic and personal service	3½	4
Clerical occupations	1	1
Total	100	100

These occupied wives include, besides those personally in receipt of money from their occupation, those who assist in their husband's business, such as tending a retail store or supervising women operatives in a small shop or factory.

We should not expect to find the same occupational distribution for wives as for individual women, and in fact we do not, but the uncertainty regarding boarding- and lodging-house keepers makes comparisons unsafe.

In general, we may say that when the wife of the borrower was gainfully employed, we most often found her in domestic service, factory work or trade. Those engaged in the latter pursuits some-

times were assisting in their husband's business, sometimes were running a small shop of their own, and sometimes were employed as saleswomen. Obviously, these are the occupations to which married women of the working and lower middle classes usually turn when it becomes necessary for them to seek employment.

Wages

Before beginning to discuss wages of borrowers, comment is necessary upon the connotation of the term. Question 9 asks for wages or salary of borrower; question 10, for other income from supplemental or secondary occupation. The questionnaire was framed in the belief that practically all borrowers were wage-earners, consequently no place was reserved for the person whose main income is from an occupation which he conducts on his own account. Such income was generally tabulated as wages (although properly speaking it is not wages) when the occupation from which it was received was the borrower's principal occupation. Money received from a secondary occupation, whether as wages or income from business conducted by the borrower, was tabulated as income from secondary occupation. Therefore an appreciable proportion of the entries under wages are really income earned by borrower on his own account.

It must be remembered that wage rates, or even earnings for any given week, do not always represent average weekly income over a longer period. Time and money may be lost through ill health or slack trade, or on the other hand overtime may occur. Thus the information in Table 21 differs inevitably from that which would be most pertinent to this study. We shall see in Chapter IV that nearly one-third of the borrowers reported unemployment either at the time the loan was made or at some time in the preceding twelve months. Short time also was prevalent, although we cannot judge of its extent, and moreover some borrowers may have reported only their short-time earnings.

Tabulation of weekly wages to the nearest dollar shows $30 to be the most frequent wage for men; $20 was the wage most often received by women, but $15 was nearly as common and more entries were found in the neighborhood of $15 than of $20. Taking $5 groups, the largest for the men was $30 but under $35 (23 per cent)

and for the women $15 but under $20 (22 per cent). More than half of the men received less than $33; more than half of the women less than $21. Wage distributions in $10 classes are shown in Table 21.

TABLE 21.—WAGE OR INCOME PER WEEK RECEIVED FROM PRIMARY OCCUPATION[a]

Wage status	Gainfully employed borrowers		
	Men[b]	Women	
		All	Excluding those receiving maintenance
Reporting on wage	7,971	800	459
Not reporting on wage	821	105	44
Total gainfully employed	8,792	905	503
	Per cent[c] of borrowers reporting on wage or income		
Amount			
Less than $10	..	6	3
$10 to $19.99	6	39	40
20 to 29.99	30	32	38
30 to 39.99	38	13	14
40 to 49.99	16	4	3
50 to 59.99	6	3	1
60 to 69.99	2	1	1
70 to 89.99	1½	1	..
90 and over	½	1	..
Total	100	100	100

[a] Does not include wages or income of wife or any other member of borrower's household.

[b] The exclusion of men receiving maintenance makes no appreciable difference to the distribution, therefore separate tables are not given for them.

[c] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

In examining the wage of these borrowers, it must be borne in mind that some lived in small places where the cost of living is much lower than in the larger cities where many resided. The extremely low money wage does not always represent such a low real wage as would at first appear to be indicated.

A source of error in the reported wages of borrowers was found to lie in the occupations in which board or lodging or other perquisites are received by the worker as part compensation in addition to his money wage. Owing to lack of information, and to the

great difference in cost of living in communities of various sizes and localities, it was impossible to make any equitable allowance for such additional compensation received in kind. However, in order to remove as much as possible of the error from this source, we have eliminated in Table 21, third column, all women borrowers engaged in occupations in which maintenance in whole or in part is usually provided for the worker besides a money wage.[1] For men, such elimination makes no appreciable difference. This correction has not changed the position of the mode (most common wage): the proportion of borrowers in the lower wage classes, however, is decreased and the proportion in the classes around the mode slightly increased. These changes were more pronounced

[1] The number of borrowers in occupations eliminated from wage tables because maintenance in whole or in part is usually provided for the worker besides a money wage was as follows:

	Men	Women
Agriculture	*286*	*3*
Farmers, dairy and general	219	1
Farm laborers	30	..
Farm and garden foremen	9	..
Fishermen and oystermen	2	..
Gardeners and florists	19	2
Greenhouse, orchard, and nursery laborers	6	..
Corn sorter	1	..
Professional Service	*2*	..
Keepers of charitable and penal institutions	2	..
Domestic and Personal Service	*301*	*399*
Boarding- and lodging-house keepers	7	206
Charwomen and cleaners	7	17
Hotel keepers and managers	7	1
Housekeepers and stewards	6	18
Janitors and sextons	111	21
Laborers (domestic and professional service)	3	..
Launderers and laundresses (not in laundry)	2	23
Nurses	..	18
Porters (except in stores)		
Porters, domestic and professional service	12	..
Porters, steam railroad	11	..
Other porters (except in stores)	14	..
Restaurant, cafe, and lunchroom keepers	41	4
Servants	43	76
Waiters and waitresses	35	15
Cemetery keepers	2	..
Total	589	402

The largest number of these men in any one wage class were in the $20 to $24.99 group. The largest number of these women were in the $15 to $19.99 group with nearly as many in the class below. The wage was not given for 234 of the men and 61 of the women in the above occupations.

in the wages of the women than of the men. In the high wage classes, the percentages for the men were unaltered, but the women disappeared entirely. This is due to the fact that most of the women in the high wage classes were boarding- and lodging-house keepers, whose apparent high income is undoubtedly entirely fictitious; from inspection of the questionnaires we were convinced that the amount stated as wage or salary was, in these cases, in reality gross income, but we had no means of making the proper corrections. It is quite probable that a similar error has occurred in some other occupations, making the wage reported higher than the real net wage.

Scrutinizing separately the three groups, we find that wages of individual men tended to be lower than those of married men. This is probably due partly to the fact that the individual men in general are a younger group, who have not yet attained their maximum earning power, and partly to the fact that, having in general smaller family responsibilities if any, only those men with lower wages would have equal need for borrowing.

In conclusion, it may be stated that while our borrowers were persons of small means, their wages for the most part were not excessively low. The customers of the small loan office are clearly not of the poverty-stricken class, but are persons apparently capable of earning a modest living barring mishaps such as unemployment and prolonged illness, of which we may learn more from other tables to be discussed later. This is to be expected, for the poverty-stricken will seldom, if ever, be able to obtain a loan.

Other Sources of Income

Question 10, which asked for income from supplemental or secondary occupation of borrower, did not thereby request information as to income from any source other than active occupation of the borrower. The lenders gave some relevant information on 99 per cent of the schedules; and income from property or from the exertions of other members of the family was frequently reported. This would occur, however, only when the lender supposed total *family* income to be desired, although not asked for. Table 22 summarizes the entries made of other sources of income. Its limited significance has just been indicated, but it is included here

because it does show that certain kinds of subsidiary income have sometimes been recorded.

TABLE 22.—SOURCES OF REPORTED SUBSIDIARY INCOME OF BORROWERS

Source of subsidiary income	Number of borrowers			
	Married men	Individual men	Individual women	Total[a]
Boarders or lodgers	823	34	170	1,062
Children's earnings	421	14	310	811
Wife's earnings	641	..	..	642
Other work by borrower	152	14	15	183
Rent	142	19	47	219
Pension	66	7	42	119
Earnings of other relatives	6	3	25	64
Alimony	..	..	37	37
Farm	13	1	1	16
Securities, property, or estate	26	4	15	51
Royalties on patents	1	..	..	1
Church aid	1	..	..	1
Total having subsidiary income	2,119	94	564	2,909
Total reporting on income	8,099	528	1,040	9,869

[a] Including 202 co-signers. Columns cannot be added vertically because one borrower may have income from more than one source.

Too great reliance should not be placed on the table as regards prevalence of income from these sources, which may have been present much more often than is indicated. One could hardly expect that such unasked for information should always be recorded, and we know that at least occasionally "other income" has been recorded as non-existent when there was evidence elsewhere on the sheet of ownership of real estate or other property. The presence of earnings of an occupied wife and receipts from boarders or lodgers was often indicated elsewhere on the schedule, but with no entry under question 10 and no statement of amount. In the case of borrowers who reported supplementary income from boarders, misstatement of net income was inevitable, since the cost of providing boarders with food and lodging could not be estimated. The total payments for board instead of the net profits on boarders have been credited to income, and similarly where parents or other persons have been boarded in return for giving free living accommodation the total value of rental saved has been credited to income.

As regards prevalence of "other sources of income," while 30 per cent of the returns recorded other sources of income and 70 did not, we can only say that at least 30 per cent had subsidiary sources of income, but this percentage may be too small by an unguessable amount. Of returns for married men, 26 per cent recorded subsidiary income, of individual women 54, and of individual men 18; but again we have no idea how much should be added to any one of these to represent the actual facts—the corrections might differ entirely from group to group.

The most frequently reported other source of income was boarders or lodgers, of whom there were 1,062. That is, over one-tenth of all the borrowers increased their income in this way.

The next most commonly recorded source was children's earnings. By classing children's earnings as additional income, we do not intend to imply that the money the children earned was necessarily turned over to their parents, but that the children's earnings did add to the total income of the family. The amount of the children's wage may be presumed to have relieved the borrower of so much expense for children's support in many cases, although the word, "children," as used here is not restricted to any age, but means sons or daughters of all ages who live in the home. The third most frequently recorded source of other income is the wife's earnings. The borrower himself has some secondary occupation recorded from which he derived an income in nearly 2 per cent of the loans.

Income was also recorded from various other sources besides earnings and boarders or lodgers. Of these sources, rent was the most often reported. Under pensions received are included soldiers' pensions or insurance, retirement pensions, and mothers' pensions. No other one source was recorded for as many as 1 per cent of the cases.

Of the 2,909 borrowers for whom other income was recorded, 294 had more than one source of income recorded other than personal earnings from chief occupation. The most frequent combinations were combinations of the three most frequent separate sources.

It will be more illuminating, however, to consider the sources of income severally in relation to the three main classes of borrowers, since they naturally differ very greatly in this respect. Turning

to the married men, we find that the three leading sources of income recorded are: boarders or lodgers, first; wife's earnings, second; children's earnings, third; additional sources less important were: other work by borrower, fourth; and rent, fifth. No other one source was recorded for as many as 1 per cent of all the married men. For the individual men, boarders or lodgers still hold first place, but wife's earnings being eliminated from possible sources of income, rent takes second place and children's earnings and other work by borrower follow with an equal number. For only 66 married men and 7 individual men was receipt of pensions recorded.

For over half of the individual women some source of income was recorded other than a regular wage of their own. This is a far larger proportion than among either the married men, for 26 per cent of whom other income was recorded, or the individual men, with only 18 per cent. It will be remembered, however, that the women's wage was much smaller than that of the men in either class, and that even with this other income the total income of the women was lower than that of the men. It should be noted, also, that one-third of the individual women were not employed and had no income except from these other sources which merely furnished additional income for most of the other borrowers. The most frequently recorded source of income other than wages for the women was the earnings of their children, boarders or lodgers coming second. The other sources were much less frequent. Rent came third; pensions, fourth; alimony, fifth.

Total Reported Income

Since some income from other sources than wages from regular occupation was recorded for 30 per cent of the borrowers, the total income recorded was also tabulated and is given in Table 23. Because of the considerations already noted, there is reason to suppose that in many cases the total income recorded falls short of the actual total income, hence these figures are presumably biased considerably in the direction of understatement.

The most frequently reported weekly income was about the same as the most frequent wage except in the individual women group where it was appreciably higher (from $20 to $24.99 instead of from $15 to $19.99). The income level, as a whole, however, was

TABLE 23.—TOTAL REPORTED INCOME PER WEEK OF BORROWERS, BY GROUPS

Income per week	Percentage distribution of borrowers reporting on income[a]			
	Married men	Individual men	Individual women	Total[b]
Less than $10	..	..	3	..
$10 to $19.99	4	7	23	6
20 to 29.99	24	35	31	25
30 to 39.99	36	33	18	34
40 to 49.99	19	14	12	18
50 to 59.99	10	5	6	9
60 to 69.99	3	3	3	3
70 to 79.99	2	2	2	2
80 to 89.99	1	1	1	1
90 to 99.99				
100 and over	1	..	1	1
Total	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.
[b] Including co-signers.

naturally higher than the wage level, for all groups. The least difference between wage and total income occurred in the group of individual men, who reported additional income less often than any other group. The contrast between income and wage distributions is suggested by Table 24.

TABLE 24.—COMPARISON OF WAGE AND TOTAL REPORTED INCOME

	In money wage[a]	In total reported income
Of married men, per cent receiving $35 or more per week	42	51
Of individual men, per cent receiving $35 or more per week	33	38
Of individual women, per cent receiving $35 or more per week	14	31
Of individual women, per cent receiving $25 or more per week	35	58

[a] Money wage as originally reported without adjustment for wage received in kind is used here, because only the money wage is included in the total income. The difference, however, is slight in the higher wage classes.

In order to find whether any definite relation existed between the total income reported and the size of the family, classification was made by total income and by the number of persons in the borrower's family. The number of persons in the family was taken to include all members of the immediate family, and any other

relatives or other persons who live in the home as members of the family and whose earnings were counted as a part of the total income of the family.

In the 8,189 families of the married group, which constitute natural families, no correlation was apparent between total income and size of family. In the other groups, however, the individual women, the individual men, and the co-signers, in which the families are practically all broken or artificial families, there seems to be a slight tendency for the income to increase with the size of the family.

CHAPTER IV

THE BORROWER'S ECONOMIC STATUS (Continued)

Unemployment

IN THE economic classes from which the majority of small loan borrowers come, unemployment is a serious problem. For those living on the margin of financial independence, with earnings about sufficient to meet current expenses, there is little opportunity to provide for periods of idleness due either to lack of work or to illness of the breadwinner. To ascertain whether or not unemployment was an important factor in small loan borrowing, several questions were asked under two main heads, to ascertain its extent, cause, and duration.

Concerning all but 18 of the 9,697 borrowers engaged in gainful occupations, there is information respecting unemployment, but difficulties arise in making use of this material. As will be seen later, guarded comparisons can be drawn between groups among these borrowers, but when we wish to compare our borrowing population with any other population groups for which unemployment figures have been gathered and tabulated, such caution is necessary as must make many conclusions only tentative.

Quality of the Records on Unemployment. Questions 12 and 13 on the questionnaire ask if the borrower was out of work at the time of the loan or had been out of work during the previous twelve months. All affirmative answers have been tabulated under unemployment, which thus becomes a very broad term; for these answers include persons suffering from illness or accident, persons on vacation, engaged in study or training, confined in jail, building their houses, or preparing to open their own businesses; in fact, all those temporarily idle, for whatever reason, who are normally in gainful occupations. Often there is doubt whether the person had lost his job permanently, or whether he was only temporarily absent from it; moreover, where he had definitely left a job or lost

[1] See p. 16.

it, there may be no way to find out whether he had been or was likely to be unsuccessful in the search for another.

Sufficient has been said to show that unemployment has here been very broadly interpreted. This is natural when, as here, the emphasis is upon pecuniary circumstances, but it tends to produce a higher rate for unemployment than would be found in an inquiry whose primary purpose was to investigate idleness for lack of work. Thus comparisons are rendered difficult.

To ascertain the borrower's circumstances the information really needed is whether the borrower is losing customary income through absence from customary gainful occupation; if so why, and how temporary is the situation. To compare unemployment among borrowers with unemployment among the general population, the necessary question is: Is the borrower capable and desirous of employment and unsuccessful in obtaining it? Evidently the information obtained is more nearly suited to the former purpose than to the latter, and this is well, since the latter comparison must be unsatisfactory at best because of lack of unemployment figures for the general population.

Apart from the problem of the definition of "out of work," question 12 is explicit, and a doubt remains only as to whether would-be borrowers might withhold the fact of lack of employment for fear of prejudicing their chances of a loan, or might ascribe it to some cause they suppose more acceptable than the true one. But question 13 is more troublesome; for owing to the wording of the question, unemployment extending up to the time of the loan might be included in the second answer as well as in the first. Again, unemployment "for how many weeks" being asked for, periods of less than a week may or may not have entered. Moreover, under question 13, the number of weeks was often not entered, the only entry being from February to May, or the like. Obviously, the number of weeks here is indeterminate.[1]

The query arises with question 13 as with question 12 whether a would-be borrower would not attempt to withhold past unem-

[1] There was unfortunately some difference in the way these instances were handled. For part, at least, the maximum possible was consistently coded for tabulation, but in other instances less than the maximum was taken. In such degree as the maximum was chosen, it will have tended to magnify the duration of unemployment.

ployment as likely to work to his prejudice. As regards the comparative frequency of short or long periods of unemployment during the previous year, it seems not unlikely that a borrower might fail to remember intermittent periods of unemployment of a few days' duration, especially if they occurred near the beginning of the year, and that this might lead to an underestimate of the shorter periods. But a greater trouble remains: if the intention of the questionnaire was complied with, present unemployment is not included in question 13; so if the unemployment during the year is counted as beginning exactly from twelve months before the loan and extending only until before any present unemployment, naturally the amount of unemployment in the year will be understated, and moreover, a larger proportion of long periods than of short will have been cut out, because only parts of the periods occurring at either the beginning or end of the year would be included. It seems probable that answers to question 13 cannot accurately represent the situation. A better course would have been to ask for the duration of any periods of unemployment *terminating* in twelve months preceding the loan. In such case the inclusion of unemployment which stretched back before the beginning of the year would tend to balance the exclusion of periods of unemployment still continuing at the time of the loan. Thus, a cross-section of one year's depth would be obtained which would represent justly both the days lost per year and the frequency of periods of different lengths. It is very unlikely that question 13 should have been so understood, so the results from this question must be accepted with the very greatest caution.

There were some among the borrowers who stated that they were on short-time, but as no question was asked about short-time the information is naturally fragmentary, and cannot usefully be incorporated in any table. It seems certain that short-time which meant consistent and protracted loss of several days per week was quite common, and lack of provision for recording the amount of this certainly obscures much loss of work.

It may be questioned whether the unequal distribution of the loans over the calendar months may not mean that a season of atypical employment is predominant, but on the other hand the proportion of loans going to unemployed persons will not fluctuate

identically with the proportion of population unemployed. The seasonal influence is probably reduced even for would-be borrowers; some unemployed seek loans at the time, some weather the actual unemployment period but partly in consequence of it have to seek loans later on. So the influence of seasonal unemployment is divided between present and past unemployment, that is, between the time of unemployment and subsequent months.

There is also to be considered here the effect of the loan office's discretion or policy. An office may not be ready to increase the number of loans to unemployed persons in proportion to an increased number desiring loans. It is the opinion of lenders that there is little difference in the number of loans made during periods of prosperity and depression; during periods of depression the lenders refuse more applicants, lending only to the more responsible. Hence, it appears probable that the part of the population which borrows differs from two causes between times of prosperity and of depression. In time of depression a class of applicants may seek loans which in normal times would never dream of doing so, a larger proportion of the class which normally borrows would also apply, and thus two portions of the tail of normally successful applicants would come to be refused, if the loan offices do not expand their loans. It must be borne in mind always that in this study we see the population that *succeeds in borrowing*, not the population that *wishes to borrow*. This natural discrimination on the part of the lenders might even make the course of unemployment as reflected by the successful borrowers actually the inverse of the general course of unemployment. On the other hand, the large proportion of the 10,000 loans which were made to persons who had borrowed before suggests that old customers may be taken care of. In conclusion, it would appear as if the time at which the data were collected probably matters less in the analysis at this point than it might at some others.

Prevalence of Unemployment. Table 25 shows the proportion of borrowers unemployed as reported in the answers to the two questions on unemployment. A larger proportion of the married men borrowers than of others had been unemployed at some time during the past year, but they were least often unemployed at the time of borrowing. From this we may perhaps infer that the mar-

ried couples living together either are better able to tide over a period of unemployment, or are less able to get loans at time of unemployment, than other persons. The former may be due to their having been able to make better provision for such an emergency, or to their having more credit with the local shopkeepers. The individual men and women borrowers, while suffering less from previous unemployment than the married group, found it necessary relatively more often to borrow while actually out of work. Those among them who had children to provide for were at a disadvantage in being without the marriage partner, while the single ones perhaps less often had an established home and local credit.

TABLE 25.—UNEMPLOYMENT OF BORROWERS

	Borrowers unemployed at time of loan		Borrowers unemployed during previous year	
	Number	Per cent of all usually gainfully employed	Number	Per cent of all usually gainfully employed
Married men	604	7½	1,976	25
Individual men	58	11	108	21
Individual women	88	10½	167	20½
Total[a]	772	8	2,290	24½

[a] Including co-signers.

Altogether, 772, or about 8 per cent, of the normally employed borrowers reported unemployment at the time the loan was made and of these 170, or nearly 2 per cent, were recorded also as having been unemployed at some period during the previous year. Besides these there were certainly many others whose earnings were reduced at the time of the loan by short-time work.

It would be highly desirable that the unemployment figures arising from this study should be compared with others for similarity or divergence. Unfortunately unemployment is a subject on which information is piecemeal. The normal range of variation of unemployment, excluding extraordinary disturbances such as those due to war, has been estimated by Shelby M. Harrison at "from 5 per cent in good years to upwards of 20 per cent in bad years,"[1] while Hornell Hart's annual estimates of average unem-

[1] Public Employment Offices. Russell Sage Foundation, New York, 1924, p. 8.

ployment of non-agricultural workers between 1902 and 1917 range from 4.7 in 1917 to 16.0 per cent in 1915.[1] A general estimate made by Ernest S. Bradford, in a study for the United States Bureau of Labor Statistics, for industrial wage-earners is 13½ per cent.[2]

The period covered by this study, being one of revival after the depression of 1921, will naturally be found between the extremes given above, but the only unemployment figures referring to the period of this study for population within the 17 states are those for the survey in Columbus, Ohio,[3] and those for trade union members in Massachusetts.[4] The Columbus percentage is a little over 5½, that for Massachusetts trade unions is about 9½, and in both cases there is considerable variation within the period. The figure for borrowers might well be expected to be between these two, since in Columbus many employers were careful in arranging short-time so as to minimize complete unemployment, while in Massachusetts textile and boot-and-shoe workers were particularly numerous and these trades are subject to high unemployment. Moreover, building labor may have tended to raise the Massachusetts percentage above the normal, and also these figures are for organized workers only, while neither the borrowers nor the population investigated in Columbus were thus restricted.

While describing our 1922–1923 period as one of revival after depression, we should note that the period over which this study extends began in August, 1922, when two great strikes were in process. The coal strike had been going on since the beginning of April and lasted into the period of this study. The railroad strike began on July 1 and lasted on into the autumn for varying periods on different roads. The strike was given as the reason for borrowing of 105 miners, and illness, plus the strike, the reason of 72

[1] Fluctuations in Unemployment in Cities of the United States, 1902 to 1917. Studies from the Helen S. Trounstine Foundation, Cincinnati, Vol. 1, No. 2 May 15, 1918.

[2] Industrial Unemployment: A Statistical Study of Its Extent and Causes. U. S. Bureau of Labor Statistics, Bulletin No. 310, Washington, August, 1922.

[3] Croxton, Frederick E., Unemployment in Columbus, Ohio, 1921 to 1925. U. S. Bureau of Labor Statistics, Bulletin No. 409, Washington, June, 1926. (Percentages given here are remodeled from those data. See text, p. 84.)

[4] Statistics of Labor Organizations in Massachusetts, 1921 and 1922. Commonwealth of Massachusetts, Division of Statistics, Labor Bulletin No. 140, p. 20. Figures for 1923 were obtained direct from Division of Statistics.

more. That is, for 80 per cent of the miners the strike was at least a contributory cause if not the sole cause of their need to borrow. Since coal miners compose over 2½ per cent of the male gainfully occupied borrowers, their strike would appreciably affect the general proportion of borrowers unemployed. In fact, the unemployed coal miners alone for whom the strike was a reason given for borrowing are 2 per cent of all the unemployed male borrowers usually gainfully occupied. It is not evident whether these men were on strike at the time of the loan, or were not then but had been in the preceding twelve months, so that the 2 per cent may have divided its contribution in any way between the 7½ per cent of male borrowers unemployed at the time of the loan and the 25 per cent unemployed during the previous year.

Of the railroad men, only 5 per cent were unemployed because of the strike, so that their influence is not comparable with that of the miners.

Evidently, to draw inferences from the contrast of any other findings with the condition of our borrowers would be hazardous. So, we will venture only to say that there appears to be no reason to suppose that a disproportionately large number of borrowers were unemployed at the time of taking out the loans.

Statistics giving percentages of population unemployed at some time during a period of a year are much more meager yet than those giving percentages unemployed at a particular point of time. Figures presumably reliable were collected in the United States Bureau of Labor cost of living investigation in 1900–1901,[1] which found the number of weeks of unemployment during the year for the heads of upwards of 25,000 families. These were wage-earners and persons on small salaries, and were proportionally selected from states and industries. Our group of married men should be comparable with these (except for the wording of the questionnaire upon this subject) and the figures show about double as much unemployment of each duration in the cost of living investigation as in this. For all the borrowers, however, the year previous to taking out the loan extended back into a period of extreme industrial depression, and for at least half of them the entire previous

[1] Eighteenth Annual Report of the Commissioner of Labor, 1903: Cost of Living and Retail Prices of Food. U. S. Bureau of Labor, Washington, 1904.

year had been passed before the revival had gained much headway. It might then be expected that the percentage of unemployment during the past year for the borrowers would be higher than normal.

On the whole there seems to be reason to suppose that among our borrowers are found no more, if as many, suffering from unemployment as among the population from which they are drawn. It should not be inferred, however, that unemployment was not responsible in a large measure for the necessity of resorting to relief through borrowing. Unemployment not only means reduced earnings but also tends in the long run to discourage saving and to reduce earning capacity. It is a legitimate assumption that a large proportion of the 30 per cent who were idle at some time within a year before borrowing would not have found it necessary to borrow if they had been working steadily, and that the same would be true of the borrowers on short-time who are not included in the 30 per cent. Even though there was some other immediate cause for borrowing, the amount that might have been earned during the period of unemployment would have been as great as the small amounts borrowed.

Duration of Unemployment. We have said that, in consequence of the interpretation probably put upon question 13, the duration of unemployment shown here is less than the entire time lost over a period of one year, and that the frequency of different durations of unemployment will be underestimated more as the length of the duration period increases.

Since the proportions of borrowers reporting different durations are not equally reliable, it is here even more imperative than is usually the case to express them as percentages of the borrowers normally gainfully employed rather than of those reporting some past unemployment, as by that means durations which are inaccurately represented are prevented from falsifying the percentages of any which might be accurate. Comparatively few of the borrowers reported that they lost only a few days' work. There were less than 1 per cent who reported that they lost one week, and about as many reported that they had lost odd days off and on. As nothing in question 13 suggested such an entry as "odd days off and on," this type of unemployment among borrowers is probably much underestimated by our figures. If most of these persons

did not lose more than a week, there were at least 1½ per cent of all the gainfully employed losing some days' work but not more than a week or so. The percentage out of work for more than four weeks was about 15.

While these results are open to question for the reasons already given, no obvious grounds appear for supposing that those reasons affect one group of borrowers differently from another, whence we may have more confidence in comparisons between groups of borrowers than in the actual figures, and it is this fact which seems to justify the inclusion of Table 26.

TABLE 26.—DURATION OF UNEMPLOYMENT DURING PREVIOUS YEAR

Employment status during previous year	Per cent[a] of borrowers usually gainfully employed and reporting on duration of unemployment			
	Married men	Individual men	Individual women	Total[b]
Employed	73	77	77	74
Not reporting employment	2	3	3	2
Unemployed for some period				
Odd days	1	..	1	1
1 or 2 weeks	2½	2	2	2½
3 or 4 weeks	4½	3	4	4
5 to 8 weeks	6	4½	5	4
9 to 12 weeks	3½	3½	2½	5½
13 to 16 weeks	1½	1	½	1½
17 to 24 weeks	2	1½	½	2
25 or more weeks	1½	1½	1	1½
Time not reported	2½	3	3½	2½
Total	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.
[b] Including co-signers.

The greater frequency of past unemployment for married men than for individual men appears to be due more to short periods than long, which may perhaps be interpreted to mean that the population group from which our individual men are drawn could in general endure a longer period of unemployment without being driven later to the loan office than could the population group from which our married men come. The duration of unemployment seems to be less for individual women than for individual men, on the whole. Again, if we try to surmise as to the situation behind

these figures, it may be that the same proportion unemployed during the past year among individual women and individual men borrowers arises from different proportions of unemployed among the population, that a larger proportion of men than of women were subject to unemployment, but any unemployment however short was likely to drive women to the loan office, while the men could more often weather short periods without coming later for loans. These are only surmised inferences, however; alternative explanations are possible, and moreover the data are so imperfect that the figures themselves cannot be relied upon.

In general, it would appear that a great majority of the borrowers who had been out of work at any time during the year previous to borrowing suffered from a period of unemployment sufficiently long to cause a material decrease in their income for the year. It is possible, however, that when unemployment was not long enough to have made such decrease the borrower might forget that it had taken place within the year.

Causes of Unemployment. In general, there are three main causes which account for all but an insignificant fraction of unemployment at the time of borrowing. Two are economic causes, lack of available work and strikes, accounting for 5½ per cent of all occupied borrowers, and one a personal cause, ill health, accounting for 2 per cent. These figures appear in Table 27. Of course, some of this latter may be disability due to industrial accident or industrial disease, and thus belong properly with industrial rather than personal causes. Since borrowing on account of illness appears to be subject to seasonal change,[1] and to be exaggerated on that account by one-tenth in this study, it is possible that unemployment due to illness may also be exaggerated.

Of 772 borrowers who were out of work at the time the loan was made, that is, 8 per cent of those normally employed, 737 stated the reason for their unemployment. Half might be classed as laid off temporarily owing to poor business, slack season, adverse weather conditions, and so forth, and another tenth were entirely out of a job. In many occupations it is difficult to distinguish between the man who is out of a job entirely and the one who is temporarily laid off. The situation for the man is much the same

[1] See p. 152.

in either case. For an indefinite period of time usually, he has no work and no pay coming in, although he is able and willing to work. The few remaining unemployed were losing work chiefly for reasons such as moving from one town to another, making repairs to their dwelling, learning a trade, and other personal circumstances.

TABLE 27.—CAUSES OF UNEMPLOYMENT AT TIME OF LOAN

Employment status at time of loan	Number of borrowers usually gainfully employed			
	Married men	Individual men	Individual women	Total[a]
Reporting on this question	8,136	530	850	9,679
Not reporting	16	..	2	18
Total gainfully employed	8,152	530	852	9,697
	Per cent[b] of borrowers reporting on unemployment at time of loan			
Employed	92½	89	89½	92
Unemployed	7½	11	10½	8
Cause of unemployment:				
Lack of work				
Shut-down	3½	4	5	3½
Lack of a job	1	2	1	1
Disability of borrower				
Illness	1	2	2½	1½
Injury	½	1½	½	½
Strike	1	½	..	1
Illness in family	..	..	½	..
Other causes	..	..	3½	..
Cause not reported	½	1	½	½
Total	100	100	100	100

[a] Including 163 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

The percentages of unemployment at the time of the loan from the several causes varied considerably among the three groups of borrowers.[1] The individual men were consistently oftener out of

[1] Here, as in all unemployment comparisons, the percentages compared are those based on the number of borrowers normally employed, not on the number unemployed from all causes, for only by this means can a low proportion unemployed

work than the married men, the difference being most marked for the two causes, lack of a job and injury. The disability rate was highest for individual men.

As there is no standard method of classifying and computing causes of unemployment, any comparison of our figures with corresponding data found in studies of unemployment is necessarily inexact, but may yet be indicative of general tendencies. An unanswered question of some interest, however, is whether such a comparison is indicative chiefly of the relative force of various causes as incentives to borrow or of the policy followed by loan offices in granting loans.

Table 28 gives the percentage unemployed for each main cause, for our borrowers at the time the loan was made, and for normally employed persons according to other records or estimates.

In the Columbus survey information has been collected in successive years as to employment in a week at the end of October. There is uncertainty in comparison of this with any other study owing to the inclusion of the group of persons idle because of old age or retirement. It is not usual to regard infirm or aged persons as part of the population normally employed and therefore subject to risk of unemployment, and retirement will in some cases have been a voluntary action. How far this group were idle from choice is a question to which no answer is at hand, but the schedule used is such that all male adults should be entered whether desirous of employment or not, and it is noteworthy that an overwhelming majority of this group had been idle for more than a year. On the other hand, the group appears too small to include *all* aged or retired men. In computation of the figures for the Columbus study given in Table 28 this group has been entirely excluded. The pro-

from some one cause be prevented from artificially raising the percentage of unemployment due to a quite independent cause. Error from this source is not uncommon. For instance, in the Columbus study, already referred to, unemployment due to sickness is made to appear to increase in 1922 to more than double its prevalence in 1921, the percentages being taken of *persons idle from all causes*, and would in fact appear to increase in 1922 to more than 2½ times the 1921 figure (from 16 per cent to 42 per cent) if, as is customary, aged or other retired persons were excluded from consideration. The real increase is from 1.8 per cent (or probably more) to 2.4 per cent of *persons normally employed*, that is, to 1⅓ times the 1921 prevalence at most. The great artificial inflation of the change in unemployment caused by sickness results chiefly from a great drop in the percentage unemployed through slack work (from 10 per cent or more to 2 per cent of all normally employed).

portion of heads of households is much less in the Columbus survey than among borrowers, therefore adjusted figures have been also computed, which show what the Columbus figures would have been if the proportion of householders had been similar to that for borrowers. This adjustment also produces a sex-ratio equal to that for borrowers. As would be expected, it appears that an abnormally high proportion of householders diminishes unemployment due to lack of work and increases the unemployment due to disability.

TABLE 28.—CHIEF CAUSES OF UNEMPLOYMENT OF BORROWERS AT TIME OF LOAN, COMPARED WITH OTHER RECORDS OR ESTIMATES

Cause of unemployment	Of all usually gainfully employed, per cent unemployed at a particular time							
	Borrowers unemployed at time loan was made	Columbus, Ohio, survey[a] week at end of October				Members of Mass. trade unions[b]		Bureau of Labor statistics general estimate[d]
		Adjusted[c]		Actual		Average	Median	
	1922–23	1922–23	1921–25	1922–23	1921–25	1922–23	1908–22	
Lack of work	4.6	1.8	4.0	2.1	4.4	5.7	6.1	10[e]
Disability	2.0	2.5	2.3	2.3	2.2	1.3	1.3	2½
Strikes or lockouts	.9	1.1	.3	1.0	.3	2.2	.8	1
Other causes	.2	.2	.3	.1	.3	.2	.3	([e])
Cause not reported	.4	.1	.3	.1	.2	..	..	..
Total	8.0	5.7	7.2	5.6	7.4	9.4	8.3	13½

[a] Figures derived from U. S. Bureau of Labor Statistics, Bulletin No. 409. Persons idle because of old age or retirement have here been excluded. See text, p. 84. Percentages for 1922–23 are averages of percentages for October, 1922, and October, 1923, with 1922 doubly weighted. Percentages for 1921–25 are simple averages of the five October percentages.

[b] The percentages for 1908–22 are derived from Commonwealth of Massachusetts Labor, Bulletin No. 140. Those for 1923 were obtained direct from the Division of Statistics. "Unfavorable weather" is here included under "Lack of work." The percentages for 1922–23 are averages of five quarterly returns. Those for 1908–22 are medians of yearly averages. The median is here the appropriate mean but has the characteristic that percentages for parts do not add up to the percentage for the whole.

[c] The adjusted figures represent a population more similar to that of borrowers than the actual figures.

[d] General estimate for industrial wage-earners. U. S. Bureau of Labor Statistics, Bulletin No. 310, p. 2.

[e] "Other causes" are here included with "Lack of work."

In the Massachusetts trade union figures, we have the percentages unemployed for each cause over a fifteen year period, and also during the period of our inquiry.[1]

In his review of unemployment data in 1922, already referred

[1] Commonwealth of Massachusetts Labor Bulletin No. 140, p. 20.

to,[1] Ernest S. Bradford estimated the percentage of working time lost for various causes by industrial wage-earners. As the percentage of time lost by one wage-earner on the average is the same as the average percentage of wage-earners unemployed at any given time, these estimates may be made to serve as an appropriate basis of comparison.

It will be seen from Table 28 that in respect to unemployment for lack of work, as to unemployment from all causes, the percentage for borrowers lies between those for the Columbus study and for the Massachusetts trade unions. This would be expected, for reasons already mentioned.[2] For disability the borrowers' percentage again lies between that for Columbus and that for Massachusetts trade unions, but here the Columbus figure is the greatest, and the Massachusetts the least. The percentages for disability and for strikes are not far from those of the general estimate of the Bureau of Labor Statistics, but lack of work is much less than in the latter. Altogether, it seems probable that the unemployment situation of borrowers was reasonably characteristic of the time.

Of the 772 borrowers who were employed at the time the loan was made, 170, or over one-fifth, were also recorded as having been unemployed at some time during the past year. More often than not the reason was the same for both periods of idleness, regardless of what was the reason, except that in the case of disability about half were for the same cause both times and about half for different causes. Essentially the same relation holds for each of the three groups of borrowers.

We have seen that a much larger number of borrowers had been out of work at some time during the preceding twelve months than were so at the time when the loan was made; in fact, over 24 per cent as against 8 per cent. If we examine the individual causes of unemployment in the preceding twelve months, shown in Table 29, we find that illness gains most in importance (7½ per cent as against 1½ per cent), strikes next (4 per cent as against 1 per cent)[3] and then lack of a job (3 per cent as against 1 per cent). Shut-downs

[1] Industrial Unemployment: A Statistical Study of Its Extent and Causes.

[2] See p. 78.

[3] But this may well be entirely the effect of the great coal strike mentioned above, which would figure as a cause of present unemployment only for a fraction of the year, and as a cause of *past* unemployment throughout the year.

are diminished in comparative importance (7 per cent as against 3½ per cent), their prevalence being only doubled.

TABLE 29.—CAUSES OF UNEMPLOYMENT DURING PREVIOUS YEAR

Employment status during previous year	Number of borrowers usually gainfully employed			
	Married men	Individual men	Individual women	Total[a]
Reporting on this question	7,931	518	824	9,432
Not reporting	221	12	28	265
Total gainfully employed	8,152	530	852	9,697
	Per cent[b] of borrowers reporting on unemployment during previous year			
Employed	75	79	79½	75½
Unemployed	25	21	20½	24½
Cause of unemployment:				
Lack of work				
Shut-down	7½	4½	5	7
Lack of a job	3	2½	2½	3
Disability of borrower				
Illness	7½	6	10	7½
Injury	1	1	½	1
Strike	4	3½	..	4
Illness in family	½	1	½	½
Other causes		½		
Cause not reported	1½	2	2	1½
Total	100	100	100	100

[a] Including 163 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

There is also a shift of importance of unemployment among the various groups of borrowers. When we turn from unemployment at the time of borrowing to unemployment in the preceding year, both lack of work and disability become more frequent as causes for married men than for individual men instead of less. Individual women are left in much the same position, except that illness becomes the most prominent cause of all (as well as more frequent than among the men), changing places with shut-down, which is now second in importance for women.

Comparing for married men the prevalence of unemployment in the preceding year with that of unemployment at the time of the loan, illness gains immensely in relative importance, strikes also gain, while shut-down and injury are relatively diminished. For individual women and individual men illness gains relatively in importance and all others lose (except strikes, which gain enormously for individual men). Strikes were of no significance among reported causes of unemployment of the women. This might generally be expected because of the large numbers of women working on their own account or employed in unorganized industries, but at the time of this study their unemployment on account of strikes was naturally particularly insignificant compared with that of the men since coal miners and railroad operatives are almost exclusively male.

When borrowing is deferred until after the period of unemployment is over, other factors in the meantime may or may not have entered into the situation to make borrowing necessary. In fact, when reason for borrowing is scrutinized, unemployment of borrower (including strikes) is adduced in a much smaller percentage of the cases, being for all borrowers not less than 7 or more than 9 per cent, while 30 per cent reported unemployment either at the time or in the previous twelve months.

The study of cost of living by the United States Bureau of Labor, already referred to on page 79, gave the causes of idleness of heads of families during the preceding year (1900–1901). The causes were classified in somewhat greater detail than has been done for small loan borrowers. For purposes of comparison it is necessary to combine the percentages for various causes which were classed together in tabulating causes of unemployment of borrowers. The comparison for the principal causes is shown in Table 30.

The married men group of borrowers correspond more nearly than do all borrowers combined to the heads of families of the Bureau of Labor study.[1] They are, therefore, shown separately, but the difference between married men borrowers and all borrowers taken together is very slight. The extent of unemployment was found to be so much greater in the Bureau of Labor study than

[1] The heads of families of the Bureau of Labor Study are all married men, but are not in all cases living with their wives.

for the borrowers that those figures are not a very satisfactory basis for comparison of causes. The proportion of those normally employed who were idle some time within a period of one year because of lack of work and of disability were both much higher than for the borrowers, while the proportion idle on account of strikes was much less. The unemployment for disability, however, was not as much greater relatively as for lack of work. (As we have already seen, disability may cause extra expense, and thus unemployment due to disability may be more heavily represented among borrowers than any other unemployment.) The considerably smaller proportion of borrowers than of heads of families in 1900–1901 who were idle because of lack of work is particularly noticeable in view of the

TABLE 30.—CAUSES OF UNEMPLOYMENT OVER A PERIOD OF ONE YEAR OF BORROWERS, AND OF HEADS OF FAMILIES IN THE UNITED STATES BUREAU OF LABOR STUDY, 1900–1901

Cause of unemployment	Per cent of all usually gainfully employed		
	Borrowers, 1922–23		Heads of families 1900–01
	All borrowers	Married men	
Lack of work	13½	14	29.49
Disability	10	9½	15.75
Strike	4½	5	1.03
All causes	30	30	49.81

fact that for most of the borrowers the foregoing twelve months extended back into the depression of 1921. The smaller proportion of borrowers unemployed because of lack of work, however, was counteracted to a very slight degree by the larger proportion out on strike.

Duration of Unemployment, by Cause. Although lack of work was the most frequent cause of unemployment taking all periods of unemployment together, it will be seen from Table 31 that the most frequent cause of unemployment varied with the length of time lost from work. For periods of idleness lasting from one to four weeks inclusive, disability was the most frequent cause and lack of work the second most frequent. This is not surprising, since where there is disability there is likely to be expenditure above

normal as well as income below normal; hence of short-period unemployment that due to disability may be expected to occasion recourse to a loan office where that due to lack of work would not. This bias in favor of unemployment due to disability is not of course restricted to short-period unemployment, but it will operate more strongly upon the shorter periods than upon the longer. At five to eight weeks, lack of work occurred slightly more often than disability and remained the most important for periods extending up through sixteen weeks. But at thirteen to sixteen weeks strikes

TABLE 31.—DURATION OF UNEMPLOYMENT DURING PREVIOUS YEAR, BY CAUSE

Duration of unemployment	Of borrowers unemployed for specified period, per cent[a] giving as cause						
	Lack of work	Disability of borrower	Strike	Illness in family	Other cause	Cause unspecified	All causes
Odd days	51	24	8	..	2	15	100
1 or 2 weeks	45	43	3	1	3	5	100
3 or 4 weeks	38	48	5	3	1	5	100
5 to 8 weeks	44	42	8	..	1	5	100
9 to 12 weeks	46	29	20	1	..	5	100
13 to 16 weeks	42	17	32	2	1	6	100
17 to 24 weeks	27	16	53	..	..	4	100
25 or more weeks	31	15	49	..	2	3	100
Total	42	35	15	1	1	6	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

took second place as a cause of idleness and at seventeen to twenty-four weeks became by far the most frequent cause. At twenty-five weeks or more, practically six months and over, strikes were still the leading cause of unemployment. These long periods of unemployment due to strikes are probably not typical, since, as mentioned before, the data were collected at such a time as to include the unemployment due to the prolonged strikes in the anthracite fields and on the railroads among the considerable number of coal miners and railroad men included among our borrowers.

The fact that the duration of periods of unemployment due to lack of work tended to be long, together with the probability that

the borrowers may have been unemployed for this cause less often than their class in general, may explain in part why the duration of unemployment was shorter than that found in other studies. The lower proportion idle because of strikes, whose idleness was of even longer duration than the time lost from lack of work, was not great enough in absolute numbers to have much effect on the duration as a whole.

In the 1900–1901 cost of living inquiry, disability was the most frequent cause of unemployment up to four weeks, with lack of work second. For longer periods, lack of work was consistently the most frequent with disability second. This agrees well with our findings, except for the importance of strikes in the latter. On the other hand, in the Columbus survey lack of work was slightly more prevalent than sickness up to ten weeks, but much less prevalent from twenty weeks upwards.

Prior Indebtedness

The attempt to obtain data in regard to the extent of indebtedness of the borrowers at the time they took out their loans was far from successful, which is particularly unfortunate in view of the importance of indebtedness in connection with borrowing. Difficulty will always be caused in this matter by reluctance of some borrowers to confess to indebtedness, but another serious difficulty is to devise a form of question which shall give adequate guidance in every case. In particular, there is an essential distinction to be made between prior indebtedness which the borrowed sum is to extinguish and prior indebtedness which will remain unaffected by the loan, and guidance needs to be given regarding mortgages.

In consequence of these difficulties, and because one-fifth of the schedules gave no reply to this question, final tabulation appears to be undesirable. It may possibly be worth while to remark that for married couples the most common amount of indebtedness reported was $100 with $50 next, while for the other groups of borrowers the contrary was the case; that the women much less frequently reported large indebtedness; and that about one-fifth of the answers in each group reported no indebtedness. Little confidence, however, can be placed in these results.

Ownership of Real Estate

Approximately one-third of all the borrowers owned real estate either outright or subject to mortgage. The married couples had the largest proportion, 33 per cent, the individual women came next with 32 per cent, and the individual men last with only 26 per cent. This is the kind of contrast which we should expect to

TABLE 32.—OWNERSHIP OF REAL ESTATE BY BORROWERS

Status respecting real estate	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on real estate	8,130	529	1,067	9,930
Not reporting	59	4	5	70
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on real estate			
None owned	67	74	68	67
Owned free of mortgage	5½	9	9½	6
Owned subject to mortgage	27½	17	22½	27
Amount of equity				
Less than $500	2½	1	1	2½
$500 to 999	4½	2½	2½	4½
1,000 to 1,499	4½	2	2½	4
1,500 to 1,999	3	1	3	3
2,000 to 2,999	3½	3	4	3½
3,000 to 3,999	2½	2½	2	2½
4,000 to 4,999	1	½	2	1
5,000 to 5,999	½	1	½	½
6,000 to 7,999	½	½	1½	1
8,000 to 9,999	½	½	½	½
10,000 and over	½	..	½	½
Amount not reported	4	2½	2½	3½
Total	100	100	100	100

[a] Including 206 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

find. If property owned by the wife was included for the married couples group, as was evidently usually the case, we shall of course have real estate more frequently there, since, apart from all acquisition by purchase, a married woman may have inherited property just as well as another person may. The individual men were

the youngest group, and also they would have less incentive to become owners of real estate, especially the single men among them. The individual women were an older group, and probably also in many cases the real estate had been inherited from husband or father. Furthermore, it will be remembered that nearly one-fifth of the women were boarding- or lodging-house keepers, and this fact may have some connection with the large proportion owning real estate. For this comparison see Table 32.

While about 33 per cent of all the borrowers owned real estate, only approximately 6 per cent owned it free of mortgage; that is, only 19 per cent of borrowers reported owning real estate owned it unencumbered. There is a considerable difference in the proportions of the various groups who owned their real estate clear. The individual men, who owned real estate less frequently than any other group, most often owned free of mortgage when they did own it. Of the individual men who owned real estate, 35 per cent owned it outright. This, however, is only 9 per cent of the entire number of individual men. A somewhat smaller proportion of the women who owned real estate owned it free of mortgage—namely, 30 per cent. This, however, represents about the same proportion of the total borrowers as we found for the men, in fact, 9½ per cent. The married men owned real estate outright least often of all the groups. Only 5½ per cent of them owned real estate outright, and only approximately one-sixth of those who held title to real estate owned it unencumbered.

Perhaps more of the married men had bought homes than otherwise would have done so on account of the unusual difficulties experienced in renting during the preceding few years. Probably also many bought houses with smaller initial payments than are usual. Plausible explanation of the large proportion of the individual men who owned their real estate outright is not so easy. In the first place more did not own any at all, making the percentage of the whole number who owned outright not so large, but only the percentage of those who owned free is high. It may well be that those who owned free were the older men and widowers and that those who did not own real estate at all were the younger ones.

Amount of Equity. Of the 2,649 borrowers who owned real estate subject to mortgage, 2,281 reported the amount of equity they

held. As a rule that amount was small; approximately one-tenth of those who owned mortgaged real estate had less than $500 equity in their property, and only a negligible number (about ½ per cent) had as much as $10,000 invested in it, while 60 per cent had less than $2,000 invested. The median amount for all the borrowers together and for the married men separately was about $1,500, and for the other groups was about $2,000, so not only did married men own their property unencumbered less often than the others, but also when they owned it subject to mortgage the amount of equity was less. There is no way of estimating the value of all ownership of real estate for borrowers whether mortgaged or not, since the value of real estate owned outright was not recorded.

Life Insurance Held

Approximately 80 per cent of all the borrowers carried life insurance. As would be expected, more of the married men were insured than of the individual men or women. Of the married men, 81 per cent had their lives insured, but only 68 per cent of the individual men. It will be remembered that of the latter many were very young and single. Of the women 71 per cent were insured, which seems a very large proportion for them. However, the class of women of which the borrowers are largely composed are much more frequently insured than are women of a higher economic status.

The amount for which the borrowers were insured varied all the way from $100 to over $10,000. In the great majority of cases, however, the amounts were small. In comparing the position as to insurance of the different groups, it would of course be misleading to consider simply those who took out *some* insurance. The numbers taking out various amounts must be reduced to a percentage of all the group, not of the insured. Otherwise comparatively high insurance may seem more common in a group just because a large proportion take out low insurance rather than no insurance, and this would manifestly be misleading. Including, then, those with no insurance, the median amount is $800 to $900, over one-third not having as much as $500, and one-sixth having $2,000 or over. When separate groups are examined, married men prove to have just over $1,000 as the median amount; individual men $500 to

$600; and individual women, $400 to $500; but for the policies taken out, $500 to $600 is the most common amount in all groups alike.

TABLE 33.—AMOUNT OF LIFE INSURANCE CARRIED BY BORROWERS

Status respecting life insurance	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on life insurance	7,828	504	1,027	9,560
Not reporting	361	29	45	440
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on life insurance			
Life insurance not carried	19	32	29	20½
Life insurance carried:				
Amount				
$100 to $199	1	2	3	1
200 to 299	3	2	7	3½
300 to 399	2	2	6	2½
400 to 499	2	1	4	2
500 to 599	11	9	13	11
600 to 999	5	4	7	5
1,000 to 1,999	26	22	14	24½
2,000 to 2,999	10	7	3	9½
3,000 to 3,999	4	2	2	3½
4,000 to 4,999	1	1	..	1
5,000 to 5,999	2	2	..	2
6,000 to 9,999	1	1	..	1
10,000 and over	1	2	..	1
Amount not reported[c]	12	11	12	12
Total	100	100	100	100

[a] Including 206 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.
[c] Including industrial insurance when amount of weekly payments only was given.

The amount was not reported for 1,150 borrowers, that is, for 15 per cent of all those insured. This large number is due to the fact that for industrial insurance the amount of the weekly payments only could be obtained, and therefore, it was necessary to include such cases among those (1150 in all) for which the amount

was not reported. Consequently we should disregard most of the latter as insured for less than $500. Furthermore, the numbers below $500 would have been augmented by the cases of industrial insurance included in the number not reported, far more than would the number above $500. Industrial insurance is usually for very small amounts.

In conclusion, that eight in every ten borrowers had their lives insured may be taken to indicate that as a class they had some thought for the future and disposition to provide for their families in time of need, or alternatively that the lender naturally discriminates among would-be borrowers in favor of the insured. The amounts for which most of them were insured, however, are low.

Life Insurance and Real Estate as Assets Compared

We found that 80 per cent of all the borrowers carried life insurance and that 33 per cent owned real estate either mortgaged or unencumbered. Both ownership of real estate and life insurance indicate forethought and some attempt to save. It may be of interest to know whether it was usually the same persons who had both life insurance and real estate, or whether in general some borrowers had insured their lives and others invested in real estate.

TABLE 34.—COMPARISON OF OWNERSHIP OF REAL ESTATE AND OF LIFE INSURANCE

	Per cent[a] of borrowers reporting on respective assets				
	Owning real estate		Carrying life insurance	Carrying life insurance and owning	
	Free	Mortgaged		Real estate free	Real estate mortgaged
Married men	5½	27½	81	4	22
Individual men	9	17	68	6	12
Individual women	9½	22½	71	6½	15½
Total[b]	6	27	80	4½	21½

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

[b] Including co-signers.

A comparison was made of the borrowers who were insured and those who were real estate owners, but no relation was observable between the two. About the same proportion of those who had

life insurance and of those who did not have life insurance owned real estate. One-fourth of all the borrowers both owned real estate and carried life insurance. Further detail appears in Table 34.

Combining those who had either insurance or real estate or both, we find that 84 per cent of the 10,000 borrowers had one of these, 13 per cent had neither, and 3 per cent did not answer regarding one and did not have the other, or did not answer for either. Probably more of this last group of 3 per cent belong with the 13 per cent who had neither than with the 84 per cent who had one or both, making perhaps 85 per cent who had one or both. This 85 per cent probably testifies both to the substantial character of the borrowers as a whole, and to the policy of discrimination of loan offices.

Miscellaneous Assets

Aside from real estate and life insurance, less than 30 per cent of our borrowers reported any savings or available funds. As far as we were able to deduce from the records, 72 per cent had nothing of the kind. Probably this figure is somewhat too large, as it was not practicable to inquire specifically in regard to every possible form of personal property. However, bank accounts, both checking and savings, and building and loan association shares, were specifically mentioned in the questionnaire, and doubtless very few would have other funds who did not have one at least of these. It should be noticed that the form of the question was such that the lender might well not suppose an exhaustive list of assets required, hence percentages must be received with caution. Figures for specific types of assets and for specific considerations are likely to be too small. Only 13½ per cent of all the borrowers reported checking accounts, and 10 per cent savings accounts. Very few (about 1 per cent) reported both. Only 5½ per cent reported building and loan association shares, including 1 per cent who reported also either checking or savings accounts. Eliminating the duplications, 26 per cent reported either a bank account or building and loan shares or both; leaving less than 2 per cent who reported only some other form of assets. In 227 instances, or 2½ per cent of the reported cases,[1] the borrower

[1] Those who answered question 6.

reported funds in more than one place; usually he had a bank account, either checking or savings, and some form of investment.

TABLE 35.—MISCELLANEOUS ASSETS OF BORROWERS

Status respecting miscellaneous assets	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on assets	7,347	474	969	8,973
Not reporting on assets	842	59	103	1,027
Total	8,189	533	1,072	10,000
No assets	5,252	347	702	6,432
One type of asset only				
Checking account	876	62	77	1,032
Savings account	563	37	96	712
Building and loan association shares	336	4	46	395
Savings fund	61	2	10	73
Securities	26	2	5	33
Other kinds	3	..	1	4
More than one type of asset	176	18	25	227
Some assets but type not reported[b]	54	2	7	65
Total reporting on assets	7,347	474	969	8,973
Total reporting checking accounts	1,006	76	93	1,198
Total reporting savings accounts	684	48	114	869
Total reporting building and loan association shares	411	11	55	488

[a] Including 206 co-signers.
[b] From the wording of the questionnaire, it seems probable that these assets are checking accounts, savings accounts, or building and loan association shares.

Comparing the different groups, we find that the individual men reported both savings and checking accounts slightly more often than the married men, but did not report investment in building and loan associations as often. The women, in contrast to the men, reported savings accounts more frequently than checking accounts. They also reported savings accounts more often than did the men in proportion to their numbers, and checking accounts less often.

It is only fair to state in this connection that some, perhaps many, borrowers may have had savings accounts, and possibly other forms of personal property, which they had exhausted before applying for a loan. Consequently, the number which our data show as having savings accounts or other savings at the time they borrowed does not represent all who had made some attempt to save and provide for emergencies. An indefinite number which we cannot estimate may have used up all their available savings before borrowing. Probably, too, in most instances the accounts which still stood were too small to be of much consequence.

CHAPTER V

THE BORROWER'S LIVING CONDITIONS

Length of Residence in City in Which Loan Was Made

IT IS of some interest to know whether the customers of small loan offices are on the whole settled and permanent residents, or more or less migratory workers. Table 36 shows that few were recent arrivals in the city where the loan was taken out. Of all the borrowers, only ½ per cent had been in the city less than one month, and about 5 per cent had been there less than one

TABLE 36.—LENGTH OF RESIDENCE OF BORROWERS IN CITY IN WHICH LOAN WAS MADE

Status respecting residence in city	Number of borrowers			
	Married men	Individual men	Individual women	Total[a]
Reporting on length of residence	6,699	438	879	8,181
Not reporting on length of residence	1,490	95	193	1,819
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on length of residence in city			
Residence				
Less than 1 month	..	..	1	½
1 but less than 3 months	1	1		1 ½
3 but less than 6 months	2	1	1	1
6 but less than 9 months	1	2	1	1
9 but less than 12 months	1	1		1
Less than 1 year	5	5	3	5
1 but less than 2 years	3	2	2	3
2 but less than 3 years	4	1	3	3
3 but less than 5 years	9	5	5	8
5 but less than 10 years	17	13	11	16
10 but less than 15 years	11	10	9	11
15 and over	51	64	67	54
Total	100	100	100	100

[a] Including 206 co-signers.

[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

year. It should be explained that in some instances where loans were taken out after a very brief residence in the city, the loans were really only cases of refunding an old loan from another office in the place where the borrower previously lived. The borrowers are fairly evenly distributed over yearly periods of residence up to ten years. Over half, 54 per cent, of the borrowers who reported the length of time they had been in the city, had been there for fifteen years or more, and 81 per cent had been there five years or more. The individual men and women had in general resided in the city, where they borrowed for longer periods than had the married men.

Length of Residence in Present Dwelling

Although the borrowers as a rule were old residents of the city in which they borrowed, most of them had not lived in the same

TABLE 37.—LENGTH OF RESIDENCE OF BORROWERS IN PRESENT DWELLING

Status respecting length of residence in present dwelling	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on length of residence	7,942	510	1,033	9,684
Not reporting on length of residence	247	23	39	316
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on length of residence in present dwelling			
Residence				
Less than 1 month	3	2	2	3
1 but less than 3 months	6	7	6	6
3 but less than 6 months	10	6	5	9
6 but less than 9 months	7	6	7	7
9 but less than 12 months	5	4	4	5
Less than 1 year	31	25	24	30
1 but less than 2 years	14	11	11	14
2 but less than 3 years	12	10	9	12
3 but less than 5 years	18	14	16	17
5 but less than 10 years	16	18	18	16
10 but less than 15 years	5	7	8	5
15 and over	4	15	14	6
Total	100	100	100	100

[a] Including 206 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

house very long. Of all the borrowers taken together, 30 per cent had lived in the present dwelling less than one year. Not half that number were in their second year of residence in the same dwelling. Three per cent had lived there less than one month and 18 per cent less than six months.

The length of residence in the same dwelling was somewhat less for the married couples than for all borrowers taken together. As married life is necessarily shorter than whole life, and as people usually change their dwelling when they marry, whether or not they do so at other times as well, these two facts working together have a tendency to make the length of residence in the same dwelling shorter for married couples than for others. Of the individual women, about 14 per cent, and of the individual men, 15 per cent, but of the married couples only 4 per cent, had lived in the same dwelling for fifteen years or longer. Probably those men and women who continued to live in the home of their parents considerably raised the average length of residence in the present dwelling for the individual men and women, and may also account for the large proportion in these two groups who had lived in the city for fifteen years or more.

Ownership of Homes

Of all the borrowers, 69 per cent paid rent for the dwellings in which they lived; 24 per cent owned them subject to mortgage; 5 per cent owned them outright; and 2 per cent received their rent free, or as part compensation for services.

As may be seen from Table 38, the prevalence of outright ownership was least among married couples; and if we look back to Table 37 this tallies with the fact that residence in the same house for ten years or more was least common with married couples.

Among individual men ownership subject to mortgage was much less common; rented homes, or homes rent-free, on the other hand, were more common than with the other groups. Naturally, the group of individual men contained the youngest, and many of them lived with their families or boarded.

The next question that presents itself is whether in respect to tenure of homes the borrowers have the same characteristics as the general population to which they belong.

TABLE 38.—TENURE AND ENCUMBRANCE OF HOMES

Status respecting tenure of homes	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on tenure	8,159	523	1,066	9,954
Not reporting	30	10	6	46
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on tenure			
Home rented	69	76	70	69
Home owned subject to mortgage	25	13	19	24
Home owned outright	4	6	8	5
Home provided rent free or as part compensation	2	5	3	2
Total	100	100	100	100

[a] Including 206 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

In Table 39 the percentages of homes, not including those on farms, owned free and owned mortgaged are given for the borrowers and for the total population. In respect of home ownership there is much divergence between states and between cities. On this account percentages were found for the loan states, and for their component cities of different sizes. Combining these in the proportion in which cities of different sizes appear among the loans, we arrive at figures of 17 per cent for homes owned outright and 20 per cent for those owned subject to mortgage. If, instead of all cities in the loan states, only those cities from which our loans came are regarded, the difference is negligible, for when we combine the result in places of over 25,000 with percentages for all places in these states of less than 25,000 in the proportions of 94 to 6, in which they were found in the loans, 16 per cent results for those owned free, and 20 per cent for those owned subject to mortgage.

The close agreement of these two sets of results assures us as to the reliability of these percentages as representative of the whole towns from which the borrowers were drawn, but they do of course include all classes of the population, not just the class of potential small loan borrowers. If we look for information about the less well-to-do alone, the cost of living inquiry made in 1900–1901 gives

figures for wage-earners in cities, of whom 11 per cent owned their homes free, and 8 per cent owned them subject to mortgage. In the time that since has elapsed, the general proportion of mortgaged homes has been steadily rising, while the proportion owned free has been just about stationary, so we might at first conjecture that by now the proportion owned mortgaged would be greater than 8,

TABLE 39.—OWNERSHIP OF HOMES OF BORROWERS, OF POPULATION IN 1920 EXCLUSIVE OF HOMES ON FARMS, AND OF FAMILIES STUDIED IN 1900–1901 BY UNITED STATES BUREAU OF LABOR

	Per cent of all homes	
	Owned free	Mortgaged
Borrowers:		
All	5	24
Married men	4	25
United States, 1920:		
Total population[a]	25	16
Loan states:		
Total population	24	19
Cities of over 100,000 population	13	20
Cities of 25,000 to 100,000 population	19	21
Cities of less than 25,000 population	35	15
Last three combined in proportions present in sample of borrowers	17	20
Loan cities of over 25,000 population	15	20
Loan cities combined in due proportion with places in loan states of less than 25,000 population	16	20
Bureau of Labor study, 1900–1901[b]	11	8

[a] Percentages for loan states computed from data of U. S. Census Monograph II, Mortgages on Homes, 1920.
[b] Eighteenth Annual Report of the Commissioner of Labor, 1903: Cost of Living and Retail Prices of Food, p. 365.

perhaps 11 or so; the percentage free still 11 or so; and the total percentage owned about 22. This is not a well-established judgment, however, for the percentages from the 1900–1901 study are so widely different from the 1900 census percentages as to make it certain that other components of the population have a very strong influence on percentages for the general population. Hence, it is not safe to suppose that the tendency to be observed in the

census figures for the entire population would be mirrored in those for the working class alone.

However this may be, the proportion of borrowers who owned their homes free is very much lower than the corresponding proportion of the general population, while the proportion who owned them mortgaged is a little higher, the general result being a lower proportion for all owning homes. It seems also likely that the proportion owning homes free is much less than for the working class in general, and the proportion owning homes mortgaged, much greater. The resultant of these two differences is a proportion of borrowers owning their homes (either free or mortgaged) considerably larger than that for the working class, while considerably smaller than that for the general population. It would, however, be unsafe to argue from this that the borrowers are people of more substance than the working class in general, for these two classes of ownership (free and mortgaged) cannot be combined into a group with any kind of homogeneity, the equity of the mortgages varying in amount down to very small sums.

All that can be said with real certainty on this point is that people who own their homes free seem to be much under-represented among the borrowers, people who own them mortgaged much over-represented. This is just what one might expect, for, if a man has his home already mortgaged and finds himself in need of funds, a chattel loan is a natural expedient to resort to next; moreover, a common reason for a chattel loan is to make a payment on a mortgage. On the other hand a man who owns his home free may take out a mortgage on it, rather than seek for a chattel loan.

In this comparison, comparative age-distribution must again be mentioned as an influence tending to produce divergence.

Comparing the number of borrowers who owned their homes with the number who owned real estate, we find that all but a few of those who owned any real estate owned their own homes. As shown in Table 40, only about 4 per cent of all the borrowers owned real estate but did not own their own homes. In some cases this was a lot on which they may have intended to build a house. A few probably had inherited a house or farm from their parents. If any appreciable difference exists, those who owned

real estate which was not their place of residence owned it free slightly more often than those who owned their own homes. This is probably due partly to the fact that the former often owned only a house lot, and partly to the fact that many persons with very small capital buy a house to live in when they would not buy a house for any other purpose.

TABLE 40.—OWNERSHIP OF REAL ESTATE

	Per cent of borrowers reporting on ownership of real estate, who owned			
	Home outright	Home mortgaged	Other real estate but not home	Any real estate
Married couples	4	25	4	33
Individual men	6	13	7	26
Individual women	8	19	5	32
Co-signers	10	24	5	39
Total	5	24	4	33

It may be noted that ownership of real estate but not of the home occurs more often among individual men than others, as one would anticipate.

Rentals Paid

About seven-tenths of all the borrowers lived in rented homes, and the monthly rentals paid ranged from less than $5 to more than $100. Some of the very low rentals were for only one room, and some of the high rentals were for large houses used as lodging-houses. Some returns were from country towns where rents are comparatively low, and some were from large cities like Chicago and Philadelphia where rents are high. The median rental for all those who paid rent falls between $25 and $30 for all borrowers and for each of the groups except the group of the individual men. For the latter, it falls a little lower, between $20 and $25.

In using the results of question 26 on rent, several difficulties were encountered. First, often it was not stated whether the amount entered was for a week or a month, and arbitrary decisions were made as to the period intended, which cannot have been

always correct. Considerable uncertainty is therefore inherent in the rent tables. It may be noted also that the general effect of these arbitrary decisions will be to show too few extreme cases. Second, for borrowers who were boarders only the total payment was usually given, while the part to be regarded as rental was arbitrarily decided. This will hardly have represented accurately all individual cases, for instance, individuals certainly vary in the relative importance which they attach to good food and to a good bed, and in one town people will go home to lunch, in another they will not, and board will include or exclude lunch accordingly.

Of those individual men and women listed as receiving house accommodation rent-free, some almost certainly will have been living with relatives to whom they would make some sort of payment. This information was not asked for, and it is impossible to gauge the effect of its omission. Moreover, of the individual women and individual men for whom heat and light were included in their rental, 66 out of 170 women and 90 out of 180 men did not state their rental; while with married couples 3 per cent of similar rentals did not have the amount reported. This omission of rental will probably occur where the borrower is boarded, as well as lodged, so that rental is not regarded as a separate item of expenditure, but it is very likely that quite a number of these individual borrowers who failed to report rentals where the latter included heat and light were living with their families.

But heat or light or both were sometimes included in the rent. In 12 per cent of the rented houses heat and light were both included, heat only in 4½ per cent and light only in 1 per cent. There is a great difference among the three groups in this respect. Over half, 53 per cent, of the individual men had these services, exactly one-quarter of the individual women had them, but only 7½ per cent of the married couples. The proportions in the various groups who had neither heat nor light supplied by the landlord varied inversely. Very few in any group had either heat or light without the other. The high percentage of individual men and women who had heat and light included is doubtless due to the large number who lived in boarding- and lodging-houses or with their families. In considering the percentages for individual men, it must be remembered that 15 per cent failed to report on

this matter, and facts concerning these might appreciably change the distribution.

However, 82 per cent of all borrowers had neither light nor heat furnished by the landlord. When we deduct all rentals that include heat or light or both, the median rental for the individual men as well as for the other groups, and for all groups together falls in the interval between $25 and $30. This is shown in Table 41.

TABLE 41.—MONTHLY RENT PAID BY BORROWERS

	Median monthly rentals paid by borrowers			
	Married couples	Individual men	Individual women	Total
All rentals	$26.50	$24.00	$28.50	$26.50
Rentals excluding heat and light	26.00	25.00	28.00	26.00

At first sight the fact is startling that among the individual men those who have heat and light included have a lower median rental than those who have not. Two considerations must be remembered here: first, that half of those whose rentals included heat and light failed to report the amount, and the effect of this can hardly by any fortunate chance be negligible; second, that the number of rooms covered by the rental may supply the explanation, if the medians really are representative; for the group receiving heat and light will probably be composed chiefly of men who are really free lances and live as boarders or lodgers in one room, while the group receiving neither heat nor light will probably be composed chiefly of those who are part of a family and have several rooms.

Table 42 gives the distribution of borrowers paying rent for dwellings without heat or light by amounts paid. The greatest concentration occurs about $20; for individual men and women between $15 and $20 and for married couples between $20 and $25.

Those borrowers who had both heat and light supplied most frequently paid from $20 to $25 per month. In most cases when heat and light were both furnished, the borrowers probably lived in boarding- or lodging-houses.

A small number of borrowers, 289 in all, had heat but not light included with their rent. These probably lived in heated apart-

ments. The amount most frequently paid by them for rent was from $65 to $70.

TABLE 42.—RENT PAID BY BORROWERS WHOSE RENTAL DID NOT INCLUDE HEAT OR LIGHT

Rent per month	Percentage distribution[a] of borrowers paying rent that did not include heat or light			
	Married couples	Individual men	Individual women	Total[b]
Less than $10.00	2	9	3	2½
$10.00 to 19.99	28	30	26	27½
20.00 to 29.99	33	24	24	31½
30.00 to 39.99	21	19	20	21
40.00 to 49.99	9	9	10	9
50.00 to 59.99	3	4	8	4
60.00 to 79.99	3	1	7	3
80.00 to 99.99	..	1	1	½
100.00 and over	1	3	1	1
Total	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of ½ should never be relied on, differences of a unit even or more may sometimes not be significant. See p. 23.

[b] Including co-signers.

In conclusion, there are two possible ways of looking at the question of rent distribution: we may regard rents as showing the amount actually paid for having shelter, or as indication of the type of shelter obtained, in so far as its cost can show that. In taking the former point of view, we might reasonably modify our tables by including with those paying rent those who receive house accommodation rent-free; this would tend to make the median *rent expense* lower than the median of rents paid.

Number of Rooms in Home

In any consideration of the number of rooms in the home, the first question is, what is a borrower's home? The answer to this question in the tabulation of these data varies from borrower to borrower. If the borrower be a householder, the answer has been "all rooms which he owns or rents or otherwise has at least temporary disposal of, *including* any which he sublets to lodgers or boarders." That is, rooms sublet were regarded, for lack of exact information as still belonging to the householder's home; theoreti-

cally, of course, they should not. If, on the other hand, the borrower be a lodger or boarder, the answer has been, "the room accommodation sublet to him, which is assumed in the case of a solitary lodger to be one room." That is, rooms sublet are here said *not* to belong to the householder's home, but to that of the lodger, and this is correct for the present purpose.

TABLE 43.—NUMBER OF ROOMS IN BORROWERS' HOMES

	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on rooms	7,961	489	1,017	9,668
Not reporting on rooms	228	44	55	332
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting number of rooms			
Number of rooms				
1	..	40	13	4
2	2	3	4	2
3	7	7	8	7
4	18	10	12	16
5	28	15	16	26
6	26	14	19	25
7	10	5	11	10
8	5	3	7	5
9	2	1	4	2
10 or more	2	2	6	3
Total	100	100	100	100

[a] Including 201 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

In short, families, collections of people who to some extent form a single economic unit, and the rooms at their disposal are the object of our interest. Modification of the tabulation to show this would certainly decrease the frequency of homes with larger numbers of rooms, but what the effect on one-roomed homes would be it is difficult to say. As borrowers, if living with a parent, were counted as boarders with one room, whereas they may share a room, or share several rooms, some misrepresentation is certain.

In spite of these manifest imperfections, Table 43 may be of value, the tendency of its shortcomings having been pointed out.

It will be seen that, for married couples, five appears as the most common number of rooms, six being next. For individual women six is most common and five next, but individual women have a secondary mode at one room. For individual men far the most common case is one room, but there is another mode at five. Naturally, individual men and women are both non-homogeneous groups, and the double modes are to be expected. Of the individual men, 83 per cent had no children, 56 per cent never having been married. Of the individual women, 77 per cent had no children, 21 per cent never having been married.

It will be noticed also that homes with high numbers of rooms are much more common among individual women than for the other groups. This is not surprising, as it is among them that we expect to find the lodging-house business prevalent.

In the case of individual men and women we have not only the sources of inaccuracy mentioned at the beginning of this section, but also 9 per cent and 5 per cent of borrowers respectively, who failed to report the number of rooms.

Number of Persons in Family

Table 44 presents data on the size of borrowers' families. "Number of persons in borrower's family" was understood to include the borrower, the borrower's husband or wife, their children and any other dependent relatives, but to exclude relatives other than children who lived in the household and paid for their board. Such persons were classed as boarders. The co-signers, if living together, were regarded as members of one family. When a self-supporting man or woman living at home with his or her parents borrowed independently, the borrower was then regarded as a separate family of one, whether he or she paid board or received board and lodging free. Probably in most such instances the borrower either paid board directly or contributed to the family income in some other way.

In 23 per cent of the married couples there were no other members of the family but husband and wife. There were quite as many families with three persons, and very nearly as many also with four persons. There were only 15 per cent with five persons, and the number rapidly dwindles to less than 1 per cent of all

married couples having 10 or more persons in the family. There were less than five persons, that is, less than the hypothetical family occasionally regarded as "typical," in 68 per cent of all the families in which husband and wife were living together.

TABLE 44.—NUMBER OF PERSONS IN BORROWERS' FAMILIES

	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on persons in family	8,125	518	1,059	9,904
Not reporting	64	15	13	96
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on persons in family			
Number of persons including borrower				
1	..	60	33	7
2	23	13	25	23
3	23	13	18	22
4	22	8	12	20
5	15	4	5	13
6	8	1	3	7
7	4	1	2	4
8	3		1	2
9	1		1	1
10 or more	1			1
Total	100	100	100	100

[a] Including 206 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

For both the individual men and women the most frequent number of persons in the family was one; 33 per cent of the women and 60 per cent of the men had no family of their own; 25 per cent of the women and 13 per cent of the men had one other person in the family; and 18 per cent of the women and 13 per cent of the men had two others. In each group the numbers then rapidly decrease.

Comparing the number of persons in the families of married men borrowers with the number of children in these families in Table 45, we find the number of families with only two members—husband and wife—much smaller than the number with no children under 16. While 33 per cent had no children under 16 years

of age, only 23 per cent had only two persons in the family, which means that about 10 per cent had either children over 16 years of age or dependent relatives living with them.

TABLE 45.—SIZE OF FAMILIES OF MARRIED COUPLES BORROWING

Children only			All members of family		
Number of children under 16	Borrowers reporting on children		Number of members	Borrowers reporting on members of family	
	Number	Per cent[a]		Number	Per cent[a]
0	2,660	33	2	1,876	23
1	1,638	21	3	1,841	23
2	1,684	21	4	1,826	23
3	1,020	13	5	1,205	15
4	541	7	6	678	8
5	235	3	7	343	4
6	125	2	8	205	2
7	33		9	77	1
8 or more	21		10 or more	74	1
Total	7,957	100	Total	8,125	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

Number of Persons in Household

Here we are confronted with the question, what is a household, and again the answer given in the case of the borrowing householder is inconsistent with the answer given in the case of the borrowing lodger. What was said before about number of rooms in the borrower's home has its parallel now with the number of persons in the household. For the householder, the number of persons in the family plus lodgers has been tabulated. This is the proper course when the household, not the family, is being considered. But, lodging borrowers should have been entirely excluded in tabulating householders.

Table 46 gives the size of households, while Tables 44 and 45 gave the size of families.

The number of persons in the borrower's household is of course in general slightly greater than the number in the family. Moreover, it must be remembered that if the definition of household had been consistent, the frequency of the one-person household would have been greatly diminished, and thus the percentage with

TABLE 46.—NUMBER OF PERSONS IN BORROWERS' HOUSEHOLDS

	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on persons in household	8,086	513	1,035	9,836
Not reporting	103	20	37	164
Total	8,189	535	1,072	10,000
	Per cent[b] of borrowers reporting on persons in household			
Number of persons including borrower				
1	..	52	21	5
2	19	12	16	19
3	21	15	18	20
4	22	11	13	20
5	16	5	9	15
6	10	3	7	9
7	5	1	5	5
8	3		4	3
9	2	1	2	2
10 or more	2		5	2
Total	100	100	100	100

[a] Including 206 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

less than four persons diminished. The most frequent number in both cases is four persons, but there were slightly fewer borrowers with less than four in the household than with less than four in the family and slightly more borrowers with more than four persons in the household than with more than that number in the family. The proportions for married couples are shown below:

	In family	In household
Less than four persons	46 per cent	40 per cent
Four persons	22	22
More than four persons	32	38
Total	100	100

To provide really satisfactory comparison, the group consisting of borrowing families with lodgers, and the group consisting of borrowing lodgers, should each have been separately tabulated for persons and rooms in families and in households.

Many of the women who had only themselves, or themselves

and one other, in the family took boarders or lodgers, as is indicated by the much smaller proportion of this group who had one or two in the household than had only that number in the family. The women with one in the family constituted 33 per cent while those with one in the household formed only 21 per cent. There were 25 per cent with two in the family but only 16 per cent with only two in the household. There were 18 per cent with three in the family and the same proportion with three in the household, but this was the most frequent size of household, while far from the most common size of family.

For the individual men there was only a slight difference between size of family and size of household. But for them and for individual women a secondary mode appears at three members, showing again the heterogeneity of these groups.

Number of Persons per Room

Tables 47 and 48, which deal with the relationship between number of persons in household and number of rooms in household, are subject to the errors already discussed in respect of each variable. The general tendency of the misrepresentation is difficult to determine, and the extent impossible even to guess. Possibly overcrowding may be underestimated, or again it may not. However, we may discuss the apparent significance of the results of tabulation, while bearing in mind that the figures may be subject to considerable error, which might modify the conclusions, though probably not so violently as to reverse them.

The tables indicate that only a very small fraction of the borrowers were living in overcrowded homes. Of the entire number of borrowers, 64 per cent had less than one person per room, and 19 per cent more had exactly one person to a room. There were 15 per cent with more than one but less than two persons per room, a condition which might be considered more crowded than is desirable, but only 2 per cent had two or more persons per room.

While Table 47 shows that married couples have the largest proportion living more than one to a room (18 per cent), individual women less (13 per cent) and individual men less still (5 per cent), the difference between the first two is due to less accommodation for the larger families of married couples, house accommodation

TABLE 47.—NUMBER OF PERSONS PER ROOM IN BORROWERS' HOUSEHOLDS

	Number of borrowers			
	Married couples	Individual men	Individual women	Total[a]
Reporting on persons and rooms	7,902	481	989	9,569
Not reporting	287	52	83	431
Total	8,189	533	1,072	10,000
	Per cent[b] of borrowers reporting on persons and rooms			
Number of persons per room:				
Less than 1	65	49	62	64
1	17	46	25	19
Between 1 and 2	16	4	11	15
2	1		1	1
Between 2 and 3		1		
3				
Between 3 and 4	1		1	1
5				
6				
Total	100	100	100	100

[a] Including 197 co-signers.
[b] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

being much the same for small families of married couples and of individual women.

From Table 48 it appears that the percentage of families in crowded circumstances increases sharply with the size of the household.

TABLE 48.—NUMBER OF PERSONS PER ROOM IN HOUSEHOLDS OF MARRIED COUPLES ACCORDING TO NUMBER IN HOUSEHOLD

Number of persons per room	Number of persons in household							
	2	3	4	5	6	7	8	9
	Per cent[a] of married couples reporting on persons and on rooms							
Less than 1	94	87	73	55	27	15	12	12
1	5	10	19	27	32	17	12	10
Between 1 and 2	..	3	7	17	36	63	65	66
2 or more	1	..	1	1	5	5	11	12
Total	100	100	100	100	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

CHAPTER VI

THE LOAN

Amount of Loan

EARLIER chapters have provided a general description of small loan borrowers: we have now to consider the immediate circumstances of their borrowing. Among these, the reason for borrowing is perhaps of the greatest social significance. As, however, it is also the most complex, it is deferred to the end, and we begin with the simpler discussion.

Most of the 10,000 loans were made for very small amounts. The most common amount borrowed was $100 and $50 came next in frequency. The arithmetical average for the total loans lies somewhere between $113 and $127. Half the loans were for $100 or less, 16 per cent being for less than $50. Only four loans were greater than $300 in amount. These probably were made in Ohio, which did not, at the time, have the $300 maximum specified by the Uniform Small Loan Law.

In general, the amounts borrowed by the individual men and women were smaller than those borrowed by the married couples. For both the individual men and the individual women one-half of the loans were for $70 or less, and one-quarter were for less than $50. The distribution of the loans by amount for each class of borrower is given in Table 49.

Amount Received in Cash

The borrower does not always receive the full amount of his loan in cash. Sometimes he has debts which the lender pays off directly, deducting the amount owed from the full amount of the loan. More often the borrower already has a loan but wishes to increase it. In the latter case, a new loan is made out to cover the full sum, but the borrower receives only the additional amount in cash.

If we consider the actual money received in cash by the borrowers

TABLE 49.—AMOUNT OF LOANS

Amount	Number of loans to				Per cent[a] of loans to			
	Married couples	Individual men	Individual women	Total[b]	Married couples	Individual men	Individual women	Total
Less than $10	2	..	1	3				
$10 to 19.99	72	16	29	117				
20 to 29.99	340	66	92	505	14	27	26	16
30 to 39.99	385	39	86	521				
40 to 49.99	351	24	67	454				
50 to 59.99	874	79	143	1,110				
60 to 69.99	517	28	93	656				
70 to 79.99	574	34	66	694	30	30	34	31
80 to 89.99	311	10	33	366				
90 to 99.99	189	7	33	238				
100 to 109.99[c]	1,257	77	149	1,509	25	20	20	24
110 to 149.99	746	31	70	867				
150 to 159.99[c]	546	31	45	635	11	8	8	11
160 to 199.99	371	12	36	427				
200 to 209.99[c]	612	22	47	696	9	7	5	9
210 to 249.99	162	12	10	189				
250 to 259.99	144	9	13	171	3	2	2	2
260 to 299.99	79	3	3	85				
300	653	33	56	753	8	6	5	7
Over 300[d]	4	..	..	4				
Total	8,189	533	1,072	10,000	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] Including 206 loans to co-signers.

[c] Most of these loans are at the round figures at the lower limit of the $10 interval. To indicate the prevalence of round sums, these particular $10 intervals are retained.

[d] Of these, one loan was for $350, one for $400, and two for $500.

instead of the amount of the loan, we find a much larger proportion of small amounts. The most common amount of cash received was $50, with $100 next in frequency, and half the borrowers received $60 or less in cash. Comparing cash receipts with amounts of loans, we find that twice as many received less than $50 as borrowed less than $50; while less than one-half of all borrowers borrowed less than $100, about two-thirds received less than that amount in cash; and less than one-half as many received $300 as borrowed $300. In each group separately, also, many more re-

ceived the small amounts than borrowed such amounts. Of the four groups, one-half of both the individual men and the individual women received $50 or less but one-half of both the married men and the co-signers received $70 or less.

TABLE 50.—PER CENT OF BORROWERS BORROWING LESS THAN $100, PER CENT RECEIVING LESS THAN $100

Borrower group	Of borrowers in group, the per cent		Of full-cash loans, the per cent for less than $100
	Borrowing less than $100	Receiving less than $100	
Married men	44	64	54
Individual men	57	68	59
Individual women	60	76	67
Total	47	66	55

Table 50 compares the relative frequency among all loans, among all-cash loans, and among amounts received in cash, of amounts of less than $100, according to borrower groups.

Full Amount Received in Cash. The full amount of the loan was received in cash by the borrower in only 55 per cent of the loans. About the same proportion of married couples and individual women received the full amount in cash, 54 per cent and 55 per cent, respectively, but the proportion was much larger for individual men. (See Tables 51 and 52.) For individual men loans

TABLE 51.—PER CENT OF LOANS OF DIFFERENT AMOUNTS WHICH WERE RECEIVED IN FULL IN CASH

Amount of loan	Of all loans of amount specified, the per cent[a] received in full in cash			
	Married couples	Individual men	Individual women	Total[b]
Less than $50	75	74	69	74
$50 to 99.99	60	61	56	59
100 to 199.99	48	66	48	49
200 to 299.99	43	54	41	43
300 and over	39			41
Total	54	65	55	55

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] Including co-signers.

of $100 and over were more frequently paid in cash in full than for the other borrower groups.

TABLE 52.—PERCENTAGE DISTRIBUTION OF FULL-CASH LOANS AND OF PART-CASH LOANS, BY AMOUNT OF LOAN

	Per cent[a] of loans to			
	Married couples	Individual men	Individual women	Total borrowers[b]
Loans of which full amount was received in cash	54	65	55	55
Loans of which only part was received in cash	46	35	45	45
Total	100	100	100	100
Amount of loan	Per cent[a] of loans received in full in cash			
Less than $50	20	31	32	22
$50 to 99.99	33	28	35	33
100 to 149.99	23	22	20	23
150 to 199.99	8	6	4	8
200 to 249.99	8	4	4	7
250 to 299.99	2	3	1	2
300 and over	6	6	4	5
Total	100	100	100	100
Amount of loan	Per cent[a] of loans received in part in cash			
Less than $50	8	20	18	9
$50 to 99.99	26	33	34	28
100 to 149.99	26	17	21	25
150 to 199.99	14	11	11	14
200 to 249.99	11	11	7	11
250 to 299.99	4	2	2	3
300 and over	11	6	7	10
Total	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may not be significant. See p. 23.
[b] Including 206 co-signers.

When the full amount of the loan was received in cash, the loan was a new one and the amount received was the original amount of the loan. The amount of such loans then will give a more accurate idea of the amounts for which new loans are taken out than do the amounts of the whole 10,000 loans as shown in Table 49. It must be noted, however, that these are not all the loans which are new *to the loan office:* there are loans new to the loan office of which a balance is paid to some other creditor of the borrower.

Comparing the amounts of full-cash loans, we find that the most common amount was again $100, with $50 next in frequency, but that half the full-cash loans were for less than $70, while of all loans nearly half were for less than $100. Proportionately more of the new loans were for less than $50, and for $50 but under $100, and proportionately less new loans were for each higher class. This is true of the married couples and the individual women as well as of all borrowers together. In the case of the individual men there were relatively more new loans for less than $50, and for $100 but under $150, but not so many new as old for $50 but under $100.

As shown in Table 52, more than half of the full-cash loans to all borrowers were for less than $100, and this is also true for each of the groups separately. The arithmetical average of the total loans paid all in cash lies somewhere between $98 and $108.

Only Part Received in Cash. Less than the full amount was received in cash on 4,527 loans, or 45 per cent of the total. Less than $50 was paid in cash on 44 per cent of these part-cash loans and less than $100 on 79 per cent. As the cash paid represents in most instances an increase in an old loan upon renewal, this means that when a borrower came back to get more on his loan he usually got less than $100 extra, in fact very often less than $50.

The other groups differed from the married men, in that even a larger proportion received less than $50, and a larger proportion less than $100 extra, when they renewed their loans. Less than $50 was received by 41 per cent of the married men, 58 per cent of the individual women, and 61 per cent of the individual men. Less than $100 was received by 77 per cent of the married men, 88 per cent of the individual women, and 85 per cent of the individual men. The individual men and women not only borrowed smaller amounts in the beginning than the married couples but also increased their loans by smaller amounts when they did increase them. The individual men also increased them much less frequently than did the other groups.

Creditor to Whom Lenders Paid Balance of Loan

As stated above, only 55 per cent of the borrowers received the full amount of their loans in cash, the other 45 per cent received cash which was less by varying amounts. Various reasons con-

tribute to this result. In some instances the borrower already had a loan from the same office which he wished to increase. In such case he takes out a new loan covering the old one and any additional amount he wishes to borrow, and receives in cash only the additional amount borrowed above the old loan. Technically the balance of the loan not received by the borrower is paid to the loan office. Most of the loans for which the full amount was not received in cash were of this kind. Of all the loans 4,167, or 42 per cent, were renewals at the same office, usually for increased amounts. (See Table 53.)

TABLE 53.—CREDITOR TO WHOM BALANCE NOT RECEIVED BY BORROWERS WAS PAID

	Number of borrowers				Per cent[a] of borrowers			
	Married couples	Individual women	Individual men	Total[b]	Married couples	Individual women	Individual men	Total
Loans on which full amount was received in cash	4,432	594	347	5,473	54	55	65	55
Loans on which balance was paid to some company	3,757	478	186	4,527	46	45	35	45
Total	8,189	1,072	533	10,000	100	100	100	100
Balance paid to:								
This office	3,446	445	178	4,167	42	42	33	42
This office and another loan office	25	2	1	30	2	..	..	..
Another loan office	151	18	3	175		2	1	2
Furniture or piano company	111	6	1	119	2	1	1	1
Automobile company	5	1	3	9				
All others	6	..	..	6				
Company not reported	13	6	..	21				

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.
[b] Including 206 co-signers.

Occasionally a borrower transfers his loan to another office. The balance is then paid to the former loan office. The loan may or may not be increased when the change is made. The change is usually made because the borrower has moved and needs a more convenient place to make his payments, but doubtless in a few

cases it is due to some dissatisfaction with the treatment he has received at the first office. However, such a change from one office to another, for whatever reason, was revealed in only 175, or less than 2 per cent of the total loans. There were 30 loans in which a balance was paid both to the office making the loan and to another loan office, indicating the consolidation of two previously existing loans from two different offices. Presumably lenders would urge that this should be done if they knew that one of their borrowers had a loan from another company.

Besides borrowers requiring these refunding processes, there are some who have no previous loans but have other outstanding obligations which the lender pays off. Usually the obligation is furniture bought on the instalment plan. Before accepting such furniture as security, the lender pays off the amount due on it to the dealer out of the loan which he makes to the borrower, in order to acquire first claim on the furniture. There were 119 loans where a balance was paid to a furniture or piano company, and 9 others where a balance was paid to an automobile company. Occasionally, also, obligations of this sort were paid off by the lender when renewing an old loan or transferring an old loan from another office.

In an earlier comparison of marital groups it was found that about the same proportion of married couples and of individual women received the full amount of their loans in cash, while the proportion for individual men was much larger. In the great bulk of the cases of all groups, when the full amount of the loan was not paid to the borrower, the balance went to the loan office to cover a previous loan. This means then that fewer of the individual men than of the married couples and individual women found it necessary to renew old loans. Usually borrowers would do this in order to obtain more money; but occasionally it was to make smaller monthly payments spread over a longer period.

Previous Loans to Borrower at Same Office

In view of the fact that the emergencies which cause borrowing are recurrent, it is not surprising that customers return again and again. We have already seen that 42 per cent of our borrowers renewed their loans before completing payment. There were others,

however, who had completely paid off an old loan and who then borrowed again. From Table 54A we see that 70 per cent of all the loans were made to persons who had borrowed previously at the same office. The remainder, then, about 30 per cent, had had previous loans from the same office but had been able to pay them off before borrowing again.

TABLE 54.—NUMBER OF PREVIOUS LOANS TO BORROWERS AT SAME OFFICE

A.—Percentage distribution by number of previous loans

Number of previous loans	Per cent[a] of borrowers reporting as to previous loans			
	Married couples	Individual men	Individual women	Total[b]
0	31	34	26	30
1	12	12	9	12
2	11	7	8	10
3	10	7	8	9
4	7	6	6	7
5	5	5	6	5
6 to 10	10	11	15	11
11 to 15	2	4	4	3
16 or more	1	1	2	1
Some, but number unknown	11	13	16	12
Total	100	100	100	100

B.—Relative frequency of previous loans by borrower groups

Borrower group	Of all borrowers in each group[c] have contracted previous loans to at least the number		
	One-half	One-quarter	One-tenth
Married couples	2	4	7
Individual men	2	5	8
Individual women	3	5	9
Total	2	4	7

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] Including 204 co-signers.

[c] Supposing that those who had borrowed before but did not state how often were distributed in the same proportion as those who did so state.

The questionnaire gives no indication of the extent to which persons borrowing for the first time at a particular office had previously borrowed at some other. Evidently, the estimate of

repetitive borrowing formed from the number of previous loans at the same office must be too low, but no data exist which can establish the degree of underestimation. Those persons who have been instrumental in establishing credit exchanges among lenders have found an overlapping which is certainly considerable but of which no dependable measure has yet been attained.

The difference between groups in respect of proportion with previous loans at the same office is not great, but more of the individual men had not borrowed before, 34 per cent, and fewer of the individual women, 26 per cent. This contrast, however, is readily seen to be closely bound up with the relative age of the borrower groups. Twenty per cent more of the individual men than of the individual women are under 35, and 20 per cent less are over 45 years of age. For ages below 35 years the percentages with no previous loans are 50 for the individual men and 40 for individual women; for ages above 45 years they are 22 for men and 21 for women, so that the contrast is less even for the young ones than for the whole groups, and is insignificant for the older members.

As the number of previous loans increases, the frequency gradually diminishes. Those who had borrowed once before from the same office comprise 1,196, or 12 per cent, of the entire number. From Table 54A it appears that, while the proportions for each of the other borrower groups are about the same, individual women show a stronger tendency to repeated borrowing. Table 54B shows that half the individual women had borrowed at least three times before, while for each of the other groups half had borrowed at least twice before. Again, however, we must glance at the effect of age. Tabulation by broad age groups, not here given, shows that the individual women are ahead only in the age period under 35 years of age, where, moreover, only one-fifth of them are to be found. For age 45 and over the individual men surpass them.

Relatively very few of the borrowers borrowed more than ten times; there were 34 out of the whole number who borrowed over twenty times, and 3 had borrowed more than sixty times at the same office.

To summarize, considerably less than one-third of the patrons of the loan office are new customers. Approximately 70 per cent

TABLE 55.—NUMBER OF PREVIOUS LOANS AT SAME OFFICE ACCORDING TO AGE OF BORROWER

A.—Percentage Distribution of Borrowers of Each Age, by Number of Previous Loans

Number of previous loans	Age of borrowers in years						Total
	Under 25	25 to 29	30 to 39	40 to 49	50 to 59	60 and over	
	Per cent[a] of loans with previous loans reported on						
0	51½	45	31½	25½	20	17	30
1	12½	13	12	12	10½	6½	12
2	13½	9½	11	9½	9½	7	10
3	6	8½	10	10	9½	6½	9
4 to 5	6	8	12	12½	15	14½	12
6 to 10	1½	4	10	13	16	19½	11
11 to 15	..	1	2	3	4½	6½	3
16 to 20	½	½	½	1	1½	2½	½
21 or more	..	..	..	½	½	1	½
Some, but number not reported	8½	10½	11	13	13	19	12
Total	100	100	100	100	100	100	100

B.—Frequency of Loans in Each Borrower Group, by Age of Borrower[b]

Age	Of married men of given age, have contracted previous loans to at least the number			Of individual men of given age, have contracted previous loans to at least the number			Of individual women of given age, have contracted previous loans to at least the number		
	One-half	One-quarter	One-tenth	One-half	One-quarter	One-tenth	One-half	One-quarter	One-tenth
Under 25 years	0	2	3	0	2	4	1	2	5
25 to 29 years	1	3	4	0	2	9	1	4	8
30 to 34 years	2	4	6	1	3	8	1	4	6
35 to 39 years	2	4	7	2	5	9	3	5	7
40 to 44 years	2	5	8	2	6	9	3	5	7
45 to 49 years	2	5	9	3	5	8	3	6	9
50 to 54 years	3	6	9	5	6	11	3	6	10
55 to 59 years	3	6	9	4	7		3	6	11
60 years and over	5	7	12	4	6	8	4	8	12
All ages	2	4	7	2	5	8	3	5	9

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] It is here assumed that those who had borrowed before but did not state how often were distributed in the same proportion as those who did so state.

have done business there before and considerably more than one-half have had more than one previous loan.[1]

Previous Loans According to Age of Borrower

In each of the groups of borrowers, except the women, those borrowing for the first time tended to be younger than the group as a whole—25 to 29 years, instead of 35 to 39 years. The women, however, more frequently did not borrow even the first time until they were in their forties.

Since it is not possible for a younger person to have borrowed as often as an older one may, some correlation naturally exists between age and number of previous loans. Table 55A compares age of borrowers with number of previous loans at same office for all borrowers together. Table 55B, providing more condensed information, is given for the three groups separately. Such contrasts as emerge are easily seen from these tables, and we will not encumber the text with their discussion beyond describing sample details. For instance, of individual women borrowers under 25 years of age, half had contracted at least one previous loan, one-quarter had contracted at least two, and one-tenth at least five; of individual men borrowers of the same age, less than half had contracted any previous loan, but one-quarter had contracted at least two, while one-tenth had contracted at least four.

Previous Loans and Creditor to Whom Balance Was Paid

A great majority of the loans where there was a balance paid to another loan company or to a furniture or piano company were first loans with the present office; that is, the borrower had never borrowed at that office before. When the full amount was paid to the borrower, somewhat more than half were first loans. When there was a balance paid to the loan company, of course none was a first loan.

Of those who had borrowed before, 2,673 received the full amount and 4,159 received only part because of payment to the

[1] Of course, if what we were recording were the number of loans made to an individual by an office in the course of his whole life. the frequency would be much enhanced. Of those borrowing, no doubt many would borrow again at some future time.

TABLE 56.—PAYMENT OF BALANCE OF PREVIOUS LOAN ACCORDING TO NUMBER OF PREVIOUS LOANS AT SAME OFFICE

Number of previous loans at same office	Married couples				Individual men				Individual women				All borrowers[a]			
	Loan paid in full	Balance paid to issuing company alone	Balance paid to another company in whole or part	Total[b]	Loan paid in full	Balance paid to issuing company alone	Balance paid to another company in whole or part	Total[b]	Loan paid in full	Balance paid to issuing company alone	Balance paid to another company in whole or part	Total[b]	Loan paid in full	Balance paid to issuing company alone	Balance paid to another company in whole or part	Total[b]
0	2,292	..	232	2,537	177	..	3	180	258	..	17	280	2,777	..	256	3,052
1	431	567	8	1,006	27	36	2	65	53	45	1	99	520	664	12	1,196
2	332	517	14	863	17	22	..	39	36	51	2	89	393	603	16	1,012
3	294	475	3	772	17	17	1	35	36	51	1	88	355	553	5	913
4	208	343	11	562	9	21	1	31	22	41	1	64	244	414	13	671
5 to 7	274	593	10	877	28	31	1	60	61	92	1	155	372	737	12	1,122
8 to 10	108	231	8	347	11	13	..	24	22	46	1	69	144	296	9	449
11 to 15	74	113	2	189	12	9	..	21	13	23	1	37	100	148	3	251
16 to 20	17	38	1	56	2	..	..	2	4	7	1	12	23	46	2	71
21 and over	13	12	..	25	2	2	..	4	1	3	..	4	17	17	..	34
Some, but number not reported	372	551	9	932	43	27	..	70	85	85	1	171	505	681	11	1,198
Question unanswered	17	6	..	23	2	..	..	2	3	1	..	4	23	8	..	31
Total	4,432	3,446	298	8,189	347	178	8	533	594	445	27	1,072	5,473	4,167	339	10,000

[a] Including 206 co-signers.

[b] These totals include loans for which payment of balance was not reported on. Loans where balance was partly to issuing company and partly to some other company, included in the third columns, number only 60 all told.

office on account of an old loan. That is, more than half again as many borrowed again before paying off the old loan as borrowed again after having cleared themselves from all obligations to the lender. In both groups there were some borrowers who had made more than 20 previous loans. While the ratio between those who received the full amount and those who paid a balance to the lender differs for the various numbers of previous loans, the number paying a balance to the company remains larger for every number of previous loans except "over twenty" where it is the same.

For borrowers with previous loans, we find that in each of the three groups the number who paid a balance to the loan office was larger than the number who received the full amount of the loan in cash, but the ratios for the groups differ decidedly. As shown in Table 57, the married men ranked first, the women next, and the individual men last. The last group renewed previous loans only slightly more often than they borrowed again.

TABLE 57.—RATIO OF LOANS OF WHICH PART WAS PAID TO LENDER TO LOANS, OTHER THAN FIRST LOANS, PAID IN FULL TO BORROWER

Married couples	1.62
Individual women	1.33
Individual men	1.06
Total borrowers	1.56

Amount of Loan According to Various Attributes of Borrower

Amount of Loan According to Nativity and Race. The amount of the loan was tabulated according to nativity and race and number of children for the married group. This was not done for the other groups on account of the small size of these groups as a whole, and the small proportion of them who had children.

As the native white borrowers comprised over four-fifths of the married men, the proportions who borrowed various amounts are practically the same for them as for the whole group. It will be seen, however, from Table 58 that the foreign-born white borrowed larger amounts on the whole than the native white and that Negroes borrowed considerably smaller amounts than the native whites.

TABLE 58.—AMOUNT OF LOANS TO MARRIED COUPLES ACCORDING TO NATIVITY AND RACE

Amount of loan	Per cent[a] of married couples			
	Native white	Foreign-born white	Negro	Total borrowers
Less than $50	14	9	27	14
$50 to 99.99	30	26	33	30
100 to 149.99	24	28	22	25
150 to 199.99	11	11	8	11
200 to 249.99	10	12	5	9
250 to 299.99	3	3	1	3
300 and over	8	11	4	8
Total	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

The loans for less than $50, and those for $50 but less than $100, were both made relatively less frequently to foreign-born whites than to native whites, but loans for such denominations were made to Negroes more frequently than to native whites. Of the native whites, 14 per cent borrowed less than $50, whereas only 9 per cent of the foreign-born borrowed less than $50, and 27 per cent of the Negroes borrowed such small amounts. Of all loans, those for less than $100 were 44 per cent for the native white, 35 per cent for the foreign-born white, and 60 per cent for the Negroes.

Loans as large as $300 were most frequently made to foreign-born and least often to Negroes. Of the native white married couples, 8 per cent borrowed $300 or more as compared with 11 per cent of the foreign-born married couples and only 4 per cent of the Negro married couples.

It should be noticed, however, that if percentages were based on population that might borrow from small loan offices instead of on loans taken out, the figures for foreign-born and for Negro married couples would be diminished relatively to those for native white, since the borrowers among the former classes bear a smaller proportion to the population who might borrow.

Amount of Loan According to Number of Children. A question which suggests itself here is whether the size of family has any connection with the difference in the size of the loans made to the native white, foreign-born and Negro borrowers.

The investigation of this query has had interesting consequences, for it was necessary to discover, in the first place, whether there was any observable relation between the number of children in the borrower's family and the amount of the loan. Only children under 16 have been considered, because older children are usually not dependent, and usually help with the family expenses. For all married couples, when loans are given in $50 grades, loans of $50 and under $100 are the most common whatever the number of children, which does not suggest any correlation between number of children and amount of loan. But examination of the percentage distribution of loans by amounts, for families with no children, with one or two, with three or four, and with five or more, shows that there is a definite tendency for the amounts of loans to diminish as the number of children increases. Or rather, as the number of children increases the proportion of large loans diminishes and the proportion of small loans increases. Table 59 gives these percentage distributions for native white, for foreign-born white, and for Negro married men. The percentages for all married men together are practically the same as for the native white. The foreign-born white show the same tendency, toward fewer large loans and more small loans, as the number of children increases; and for each number of children the proportion of large loans is greater and of small loans is less than for the native white. Hence the difference in size of loan between native and foreign-born white borrowers is evidently not due to the relative sizes of their families. The numbers of Negro families of different sizes are small, and this fact may be responsible for the absence of clear evidence of a tendency similar to that for other groups. However, it would appear that at least the proportion of large loans is diminished as the number of children is increased, though the figures for loans under $100 are quite inconclusive. It should be noticed, that for each size of family the Negroes have more small loans and fewer large loans than the whites, so that again the difference in size of loans between races is not due to the size of families.

Now, what is to be said about the tendency laid bare in Table 59 for the proportion of large loans to fall and of small loans to rise as the number of children increases? This is a most complex prob-

lem, and the data at hand are insufficient for its solution. Other things being equal, a larger number of small children means greater current expenses, and therefore greater difficulty in paying back a loan, so that a borrower's possession of a large family does not naturally make a loan office willing to lend a larger sum. A borrower with a large family may have to borrow not what he needs but what he can get, and the latter may diminish with increasing

TABLE 59.—AMOUNT OF LOANS TO MARRIED MEN OF EACH RACE AND NATIVITY ACCORDING TO NUMBER OF CHILDREN UNDER 16

Amount of loan	For each number of children, percentage distribution[a] by amount of loan				
	Number of children under 16				Total
	0	1 or 2	3 or 4	5 or more	
	Native white				
Under $100	43	43	47	51	44
$100 to 199.99	35	36	36	32	36
200 and over	22	21	17	17	20
Total	100	100	100	100	100
	Foreign-born white				
Under $100	33	35	36	49	35
$100 to 199.99	35	43	40	29	39
200 and over	32	22	24	22	26
Total	100	100	100	100	100
	Negro				
Under $100	57	65	61	56	60
$100 to 199.99	30	27	35	38	30
200 and over	13	8	4	6	10
Total	100	100	100	100	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may not be significant. See p. 23. The percentages for Negroes are particularly insecure.

dependents although the former increases. The real heart of the matter is this: of actual borrowers the proportion borrowing large sums diminishes with increasing number of children, but would the proportion also diminish if based on *potential* borrowers, that is, on all men with such numbers of children who are at risk of needing to borrow? Similarly, of actual borrowers the proportion borrowing small sums increases with increasing number of children: if we could base our percentages on the married men at risk of

borrowing, should we find the proportions increasing in the same way, or might they increase even more, or might they increase less or even diminish with increasing number of children?

To these vital questions there is no reply, because the census data on the number of children in families are not tabulated. Thus, we cannot tell whether the explanation of our figures is that married men with large families take out few large loans, and that they do so because usually they can obtain only small ones, or whether it is that married men with large families take small loans much more often than others do, while possibly taking out large loans as often as the others do or even a little more often. Or some other explanation may be the correct one.

Let us sum up the position. We cannot tell from the data whether, of married men belonging to the population who might borrow, those with large families borrow large sums more often or less often; nor can we tell whether they borrow small sums more often or less often. We know that the ratio of large loans to small is diminished with increasing size of family but this may be because large loans are diminished and small loans are increased, or because large loans are diminished in greater degree and small loans in less degree, or because large loans are increased in less degree and smaller loans in greater degree. We are even further from being able to tell how far the actual recourse to loans of different sizes corresponds to the desires of the families in question.

In fact, this table is the most tantalizing in the study: presumably it is reasonably accurate, and it should give most enlightening information. But without comparable facts it is of no more use than is a letter in invisible ink without an accessible source of heat, except for the proof which it provides that the difference in size of loan according to nativity is not due to difference in number of children.

Amount of Loan According to Occupation. There seems to be some connection between the occupation of the borrower and the size of the loan, whether that connection be determined by the applicant or by the loan office. It is difficult to trace this satisfactorily, however, on account of the large number of different occupations and the comparatively small number of borrowers in each.

Viewing first the broad occupational groups, there seems to have been a tendency to larger loans to men in trade, professional service, and clerical service, and to women in professional service. More significant, however, was an apparent tendency of persons in certain occupations to borrow, or to be accorded, larger amounts. As a rule, these were proprietary or managerial occupations, with a sprinkling of skilled workmen. There were others which fell less readily into classes—especially steam railroad conductors, commercial travelers, mail carriers, and policemen, teachers and engineers from professional service, and agents and bookkeepers from clerical service. On the other hand, laborers in general borrowed, or were lent, small amounts.

Among the women in the domestic service group, laundresses and waitresses took out especially small loans—most frequently less than $50, while in the professional service group, teachers and trained nurses tended to borrow larger amounts. One may remark here that teachers are "sure pay," and nurses are apt, periodically, after working on a long case, to be in receipt of a good deal of net income.

In general, it may be said that on the whole those who borrowed the larger amounts were engaged in the occupations of the relatively higher social and economic classes, while those who borrowed the smaller amounts were of the unskilled class.

Amount of Loan According to Wage. There is an obvious connection between the size of the loan and the wage of the borrower. When the wage was less than $20, the loan was most frequently for less than $50. When the wage was from $20 to $39.99, the loan was most frequently for from $50 to $99.99. When the wage was from $40 to $59.99, the loan was most frequently for from $100 to $149.99. When the wage was $60 or more, a considerable proportion of the loans were for $300, but half of those who borrowed $300 earned only $45 per week or less and the most frequent wage even for the $300 borrowers was $30 to $34.99.

The typical amount borrowed by those not employed was $50 to $99.99, the same as for those employed.

While the relation between wage and amount of loan does not show up in quite such regular form for the separate groups as for

the whole 10,000 borrowers combined, nevertheless, essentially the same tendency appears in each group.

Amount of Loan According to Total Income Reported. As the total income reported for a large majority of the borrowers consisted of the wage alone, the amount of the loan bears essentially the same relation to the total income as to the wage. The relation between total income and amount of loan is shown in Table 60.

TABLE 60.—AMOUNT OF LOANS ACCORDING TO TOTAL REPORTED INCOME OF BORROWERS

Income per week	Of loans in each income group, the per cent[a]				
	Under $100	$100 to 199.99	$200 to 299.99	$300 and over	Total
Under $20	79	18	2	1	100
$20 to 29.99	63	30	5	2	100
30 to 39.99	46	37	12	5	100
40 to 49.99	37	40	14	9	100
50 to 59.99	25	38	20	17	100
60 to 79.99	23	36	19	22	100
80 to 99.99	11	38	22	29	100
100 and over	5	40	11	44	100
Total	47	34	11	8	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt differences of a unit should not be relied on, and even larger differences may not be significant. See p. 23.

If $50 grades are taken for loans, instead of $100 as in the table, for incomes under $20 the most common loan is under $50; for incomes of $20 and under $50 the most common loan is $50 but under $100; for incomes of $50 and over the most common loan is $100 but under $150.

Amount of Loan According to Duration of Unemployment. The original cross-tabulation by amount of loan and by existence and length of unemployment did not make any correlation between these phenomena sufficiently obvious. When, however, loans of less than $100 are contrasted with those of $100 or more in Table 61, unemployment appears at least one-half again as prevalent for smaller as for larger loans. The same is true whether we look at unemployment for less than a month or for more. In this matter our primary groups of borrowers show much the same tendency one as another. The usual question, of course, arises here, whether

the smaller loans to the unemployed are smaller by choice or of necessity. Do the unemployed borrowers desire smaller loans, or do the lenders refuse to grant them larger ones?

TABLE 61.—UNEMPLOYMENT DURING YEAR ACCORDING TO SIZE OF LOAN

Unemployment status	Loans of less than $100			Loans of $100 and over		
	Married men	Individual men	Individual women	Married men	Individual men	Individual women
	Per cent[a] of borrowers in each class					
No unemployment	66½	70	73	77	85	83½
Some unemployment	27	23	19½	18½	10½	10½
Unemployment not reported on[b]	6½	7	7½	4½	4½	6
Total borrowers	100	100	100	100	100	100
Duration of unemployment						
4 weeks or less	10½	7	9	6	3	3½
5 to 8 weeks	7	5	6	5	3½	3½
9 to 12 weeks	4	5	2½	3½	1½	2
13 to 24 weeks	4	3½	1	3	2	1
25 weeks or more	1½	2½	1	1	½	½

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] Of these, it is known that at least about half suffered from some period of unemployment.

Amount of Loan According to Ownership of Real Estate. Loans made to persons who owned real estate, either free or mortgaged, tended to be higher than those made to persons who did not own real estate. Of those having real estate, those who owned it free seemed to borrow smaller amounts than those who owned it subject to mortgage. Those who owned mortgaged real estate borrowed $300 or over more frequently than did others. The above statements apply both to the whole number of loans and to loans to married couples. The separate individuals, both men and women, who owned real estate, either free or mortgaged, did not take larger loans than those who did not own real estate, with the exception that, of the women, those who held mortgaged property more often borrowed $300. This comparison is given in Tables 62A and 63.

TABLE 62.—AMOUNT OF LOANS ACCORDING TO OWNERSHIP OF REAL ESTATE

A.—Percentage distribution[a] of loans in each ownership class by amount

Ownership of real estate	Amount of loan					
	Less than $50	$50 to 99.99	$100 to 199.99	$200 to 299.99	$300 or more	Total
No real estate owned	18	34	33	10	5	100
Real estate owned free	17	26	34	14	9	100
Real estate owned mortgaged	10	24	37	15	14	100
Total	16	31	34	11	8	100
Real estate owned mortgaged, with equity:						
Less than $1000	15	25	41	12	7	100
$1000 to 2999	8	25	37½	15½	14	100
3000 to 4999	5½	22	34	17½	21	100
5000 and over	6	9	35	18	32	100

B.—Percentage distribution[a] of loans of each amount by ownership class

Ownership of real estate	Amount of loan			
	Less than $100	$100 but less than 300	$300 and over	Total
No real estate owned	75	63	43	67
Real estate owned free	6	6½	7	6
Real estate owned mortgaged	19	30½	50	27
Total	100	100	100	100
Real estate owned mortgaged, with equity:				
Less than $1000	5½	8	6½	7
$1000 to 2999	7½	12	19	10½
3000 to 4999	2	4	10	3½
5000 and over	1	2½	9	2½
Amount unreported	3	4	5½	3½

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may not be significant. See p. 23.

The reason why those who owned real estate borrowed larger amounts than those who did not probably is partly that they were persons of more means and consequently the larger amounts would be relatively smaller to them, and partly that they were

better risks and could obtain more because of the security they had to offer. A partial explanation for the larger loans to those who owned their property subject to mortgage than to those who owned it unencumbered is probably that these larger loans were sometimes for the purpose of making payments on the property.

This cross-tabulation may also be looked at from the other angle. It is conceivable that small loans may differ radically from large loans in some of their attributes: is real estate ownership an attribute of this kind? Table 62B gives percentage distribution according to real estate ownership of small, large, and medium

TABLE 63.—MOST COMMON AMOUNT OF LOAN ACCORDING TO OWNERSHIP OF REAL ESTATE

Ownership of real estate	Married couples, and also individual women	Individual men
No real estate owned	$50 but under $100	Less than $50
Real estate owned free	100 but under 150	$50 but under 100
Real estate owned mortgaged	100 but under 150	50 but under 100

loans. It shows that between loans of less than $100 and loans of $300 or more the prominent difference in this respect is that larger loans show an increased proportion with mortgaged real estate at the expense of the proportion with no real estate, and that that increase is found to be due to mortgages with comparatively high equity.

Security for Loan

The security given for the vast majority of these 10,000 loans was household furniture. As shown in Tables 64 and 65, furniture was the sole security recorded in 80 per cent of all the loans for

TABLE 64.—SECURITY FOR LOANS

	Alone	Plus furniture	Plus salary assignment	Plus endorser	Plus other security	Total[a]
Furniture	7,651	..	96	37	858	8,642
Salary assignment	108	96	..	5	2	211
Endorser	179	37	5	..	6	227
Other security	518	858	2	6	..	1,384
Note only	160	..	..	..	..	160

[a] These totals cannot be added vertically, because of more than one kind of security for some loans. Security was reported for all but 380 of the 10,000 loans.

which this subject was reported; furniture plus piano or phonograph in 5 per cent, and furniture plus some other form of security in 5 per cent more; making a total of 90 per cent of all loans in which furniture was the security either alone or in combination with something else. Owing to the wording of question 28, it is possible that where furniture was the main security no other may have been mentioned although it existed. Hence the class furniture alone may be overestimated at 80 per cent, but there is no reason to suppose the 90 per cent incorrect for all loans with furniture as at least partial security. Pianos and phonographs, the next most frequent kind of security, were used alone in only 2 per cent of the loans; in combination with furniture in 5 per cent and in combination with some other form of security in insignificant percentage; making a total of 7 per cent of all loans in which pianos or phonographs were given as security.

TABLE 65.—LOANS SECURED BY FURNITURE AND BY PIANOS OR PHONOGRAPHS

Kind of security	Of loans to each group with security reported, the per cent[a] with security of certain kinds			
	Married couples	Individual men	Individual women	Total[b]
Furniture	93	51	85	90
Alone	82	44	77	80
Plus piano or phonograph	5	5	1	5
Plus other security	6	3	6	5
Piano or phonograph	7	6	10	7
Alone	2	5	4	2
Plus furniture	5	1	6	5
Plus other security	..			..

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23. Percentages for security classes overlap and should not be added.
[b] Including co-signers.

Other forms of security appeared in only a small fraction of the loans. They were in order of frequency, endorser, unendorsed note, livestock and farm implements, salary assignment, automobile, business equipment, real estate, farm crops. No security other than an endorsement was given for 2 per cent of all loans and an endorsement plus other security in ½ per cent of the loans.

An unsecured note was used in 1½ per cent of all loans. Livestock or farm implements were given in 1½ per cent, and combined with something else in 1 per cent of the loans, salary assignment was given in 1 per cent alone, and in 1 per cent with furniture. No other kind of security appeared alone in as many as 1 per cent of all loans.

TABLE 66.—AMOUNT OF LOAN ACCORDING TO NATURE OF SECURITY

Kind of security	Amount of loan					
	Less than $50	$50 to 99	$100 to 199	$200 to 299	$300 and over	Total
	Number of loans					
One kind of security alone:						
Furniture	1,194	2,463	2,694	806	494	7,651
Piano, phonograph, etc.	75	72	51	6	2	206
Endorser	22	58	64	16	19	179
Note only	65	39	40	9	7	160
Live stock and farm implements	30	36	44	20	11	141
Salary assignment	65	24	16	3	..	108
Automobile	10	15	14	11	5	55
Business equipment	7	13	9	6	10	45
Real estate	5	7	5	5	10	32
Farm crops	1	1	4	1	..	7
Other security	5	1	1	1	..	8
Furniture and:						
Piano, phonograph, etc.	20	103	192	92	74	481
Automobile	5	25	59	43	32	164
Real estate	8	13	38	25	24	108
Salary assignment	13	32	21	16	14	96
Live stock and farm implements	7	16	26	16	7	72
Endorser	4	6	13	8	6	37
Business equipment	1	9	8	8	5	31
Other security	1	1	..	..	..	2
Other combinations	5	13	9	6	4	37
Security not reported	57	117	130	43	33	380
Total	1,600	3,064	3,438	1,141	757	10,000

Furniture either alone or in combination was used as security most often by the married couples, and least often by the individual men. Furniture was given as security by 93 per cent of the married couples, 85 of the individual women, and only 51 per cent

of the individual men. This is due no doubt to the fact that more of the individual men and women had no furniture.

Conversely, a much larger proportion of the individual men and women obtained loans on pianos, endorsed notes, unendorsed notes, or salary assignment. This is the case with the men even more than with the women. The individual men and women used pianos as security much more frequently than the married couples, 5 and 4 per cent as opposed to 2 per cent. The individual men particularly, and also the women had endorsers without other security much more frequently than did the married couples, 16 per cent for the individual men, 3 per cent for the women, and 1 per cent for the married couples. The difference is only slightly less marked for unsecured notes and salary assignments.

TABLE 67.—SIZE OF LOAN FOR MOST FREQUENT KINDS OF SECURITY

Security for loan	Amount of loan							
	Less than $50	$50 to 99	$100 to 149	$150 to 199	$200 to 249	$250 to 299	$300 and over	Total
	Per cent[a] of loans with given security							
Furniture	16	32	25	11	8	2	6	100
Furniture plus other	6	21	22	14	16	5	16	100
Piano, phonograph	36	35	19	6	3	..	1	100
Endorser	12	32	25	11	7	2	11	100
Note only	41	24	19	6	6	..	4	100
Live stock and farm implements	21	26	16	15	12	2	8	100
Salary assignment	60	22	12	3	2	1	..	100
All loans[b]	16	30	24	11	9	2	8	100

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: differences of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] Includes also 564 loans based on less common types of security.

Security According to Amount of Loan. Tables 66 and 67 show a tendency for the larger loans to have some other form of security in addition to furniture. When the security was furniture alone, the most frequent amount of loans was $50 but less than $100, but when some other form of security was taken in addition to furniture, the most frequent amount was $100 but less than $150. When the security was furniture alone, nearly half (48 per cent) of the loans were for less than $100, approximately the same proportion

as for all loans (46 per cent), but when some other form of security was taken in addition to furniture, only 27 per cent of the loans were for less than $100.

When salary assignment, unendorsed note, or piano alone was accepted as security, the loans were especially small, most frequently for less than $50. When salary assignment was the security, 60 per cent of the loans were for less than $50. When only a promissory note was given, 41 per cent were for less than $50, whereas only 16 per cent of all loans were for less than $50. When a piano was the security, 36 per cent were for less than $50 and 71 per cent less than $100, in contrast to 16 per cent less than $50 and 47 per cent less than $100 for all loans.

Purpose of Loan and Reason for Borrowing

The purpose and the reason for which the loan was necessary are naturally of great interest. Unfortunately, these returns are not easy to handle. Questions 4 and 5 asked the purpose of the loan and the reason for borrowing, both inquiries of high significance, closely interrelated, but correspondingly difficult to deal with.[1] It will be clear, upon reflection, that the former means the use to which the loan would be put, the latter means the emergency which made borrowing necessary for the purpose aforesaid. Evidently each question as worded must sometimes have a fundamentally complex answer, factors of different kinds contributing, and practice in answering will not have been uniform.

It is to be remembered that the loan managers who filled in the questionnaires were extremely busy men: they could not pause to deliberate each time upon how the varied situations of successive borrowers could be informatively entered, but put down only the answers as made by borrowers or such short entries as seemed to them adequate. While these entries seemed appropriate to the questions as framed, they were in a very large number of cases not appropriate to the true purpose of the questions, and were hence inadequate. Often the entries were too general; causing much difficulty in classification as the significant factors did not appear. Moreover, although some cases do have complex entries, there are indubitably also many cases where only one significant

[1] See questionnaire, p. 16.

factor among several was entered. Unfortunately, no estimate can be made of the frequency with which this occurred.

Finally, even with the purpose instructively stated, the effect of using the statement as it stands, apart from the rest of the record, may be misrepresentative. For instance, suppose one man buys a piano and borrows to meet current living expenses until he can catch up again, while another man pays his own current living expenses but borrows to buy a piano. The difference between these cases is chiefly technical. In both, the vital fact is the same. The man is buying an article for which he has not adequate funds on hand; he must obtain a loan because he has not accumulated enough excess of income over ordinary expenditure to settle for it. Whether the loan actually pays the extraordinary or the ordinary expenditure is only of secondary importance. Thus, to divorce the purpose from the reason, and make a tabulation only according to the purpose, will produce a record for such cases as that of the first man in the instance above, to which very little significance, surely, can attach.

Again, for one man the purchase of lumber or other building materials may mean repairs or extensions to his house, for another who is a builder it may belong under the heading "Business Purposes." This latter type of problem it is not possible to solve from any of the tabulations which have been made, but evidently cross-tabulation by reason and purpose may be expected to assist with the former type. Examination did in fact prove that the straightforward cross-tabulation of original entries was so far an improvement on the tabulations by reason and by purpose alone, that it showed them often to be misleading and valueless. Unfortunately, even the cross-tabulation leaves very much to be desired, but its final results are worthy of study in spite of their limitations.

When the problem was embarked upon of condensing the original cross-tabulation by reason and purpose into manageable form, it became clear that an entire remodeling was desirable. This outcome results from the unfortunate fact that the range of possible situations was not foreseen when the schedule and tabulations were planned. Scrutiny for loan after loan of the joint entries under questions 4 and 5 revealed the desirability of distributing under two quite different heads the combined information obtained from

them. At the same time, it demonstrated this conclusion on expediency for future studies in this field: that to attain satisfactory information it will be wise to increase the number of questions on this topic while giving them greater particularity and an altered slant. Moreover, this might well decrease rather than increase the burden on the persons filling in the schedules, by making it easier to decide on the exact answers required.

The final analysis arrived at on this topic may perhaps be best introduced by beginning with the first trouble noticed in the tabulated entries. This was the great number of too general answers resulting from the question on "reason for loan." The most common reply, occurring oftener than once in three times, was to the effect "not enough or no savings." Now this entry, while peculiarly apposite to certain types of situation, is appropriate in a general way to a very much wider range of loan situations; hence it is not sufficiently informing. Such an entry must generally be descriptive of a much larger proportion than one in three; for we may assume at once that few persons who did have, in time of stress, enough savings to meet their need would resort to the costly expedient of borrowing at loan-office rates, and to all but these few the above entry would be generally applicable. On the other hand, since this entry is so generally applicable, it is impossible to estimate how much smaller than one in three is the proportion of recorded loans to which it is peculiarly apposite, or rather it is impossible to tell whether that proportion is very much smaller or even somewhat larger. This is unfortunate, since that particular class is of obvious significance. However, it will still be worth our while to consider the nature of that class.

The borrower for whom the entry "not enough or no savings" is peculiarly apposite is he whose habitual week-to-week expenditure absorbs his whole ordinary weekly income, that is, the borrower who lacks a satisfactory budget. When a manager makes a loan to such a person, he must do so in the belief that considerable weekly saving could be effected without cutting down that habitual expenditure to a level below reasonable sufficiency. If expenditure were already at rock bottom, it would be farcical to speak of a "loan," as there would be no chance of repayment without forfeiture of the assets on which the loan was based. When a would-be

borrower in this position is able to negotiate a loan because of assets which he still possesses, the transaction really amounts to selling those assets, at a price less than he would get by selling outright, in return for the advantage of delay in parting with them. Loans to persons obviously in this predicament will hardly appear an attractive proposition to the small loan office.

Borrowers who lack satisfactory budgets may be divided into two classes. First, there are those borrowers who appear unable to see ahead to occasional expenses, and who manage to meet such expenses by the much more costly expedient of borrowing and then repaying at high interest. There is a second group of borrowers, believed to be very considerable, who lack not so much foresight as method. Their loans, which have obviously special significance, are in a sense a hiring of the lender as business manager. In order to identify in any future inquiry the groups of borrowers who lack satisfactory budgets, possibly the question might be desirable: "Does borrower ordinarily spend all income as he receives it?"

The general conclusion resulting from reflection upon the entry "not enough or no savings" is that the reason for a loan will always be inability to make income cover expense *in an emergency,* except possibly for members of the second class mentioned above. Borrowing is obviously an expedient to increase expenditure temporarily beyond the compass of current income, while even the bad managers must have some reason for borrowing at one date rather than at another. The emergency in which income fails to cover expenditure, while it may have other contributory factors, must generally have either the factor "income diminished below normal" or the factor "expenditure increased above normal," or both factors simultaneously. Clearly, explicit statement on a questionnaire is desirable as to whether income is diminished, and if so, the cause or causes; and also as to whether expenditure is increased above normal, and if so, the cause or causes. With the topic dealt with as in this questionnaire, the possibility is obvious that the entries under both reason and purpose may be forms of expenditure, so that evidence on income is entirely lacking. Such was in fact the case with many loans recorded.

Moreover, subdivision of the topic into income data and expendi-

TABLE 68.—EVIDENCE ON INCOME REDUCTION AS CAUSE FOR BORROWING

	Income certainly reduced											Income probably reduced	No evidence on income	Total loans
							Unemployment of							
	Bad debts	Bad investments	Slow collections	Crop or stock not marketed	Salary or income reduced	Strike	Member of family	Borrower or member of family	Borrower	Short-time employment	Illness of borrower			
	Per cent[a] of all loans in groups													
Married couples	1½	..	3	½	½	4	½	2	3½	9½	9	66	100	
Individual men	½	1	3½	½	..	3	½	2	4½	9½	11	64	100	
Individual women	1½	..	6	..	½	..	5½	1½	2½	6½	11½	64½	100	
Total borrowers[b]	1½	..	3½	½	½	3½	1	2	3	9	9½	66	100	

[a] Owing to the size of the sample of loans, all percentages have a considerable margin of doubt: difference of a unit should not be relied on, and even larger differences may sometimes not be significant. See p. 23.

[b] Including 206 co-signers.

ture data has this advantage over subdivision by reason and purpose, that each entry will be comparatively homogeneous. In remodeling, then, tabulation has been made according to the two topics, evidence on income reduction and evidence on expenditure increase. Table 68 presents such data on income reduction as can be extracted from tabulated entries under questions 4 and 5. Unfortunately, the loans can be classified only according to presence or absence of *evidence* of reduced income, yet where there is no evidence there may still have been reduction. That is, the 66 per cent for which there was no evidence of reduction comprises both those loans where the borrowers suffered no reduction and those where reduction was present but unrecorded. To make any guess concerning the relative frequency of these two situations would be futile.

Classification according to income diminution having been made as well as possible, classification is next required according to evidence of increased expenditure. Here very complex information has had to be summarized according to some selected system. Excluding "bills" and "current expenses" as indefinite, some definite kind of expenditure is stated under either question 4 or question 5 or both, for six out of every seven loans, and for these some system of major groups is required. The intention of the course here followed has been to set items of expenditure in order according to the degree of compulsion to borrow upon the applicant. In consequence of the nature of the data this could be only most imperfectly achieved, but the procedure adopted was to take first those which were occasional and last those which were regularly recurrent, and the occasional have then been arranged in order according to the degree of inevitability. Table 69 embodies the result of this procedure.

Distinction between past and projected expenditure is evidently pertinent, but is not attainable from the present data. The only loans with positive evidence of past expenditure as reason are the 4½ per cent which had "repayment of previous loan" entered under question 4.[1] These loans are shown separately in Table 69, because

[1] Among these were coded loans with reason "to get property out of pawn." The entry "bills" can hardly be regarded as definite, as these might be occasional expenditure outstanding for a long time, or might be almost equivalent to ordinary current expenses if they were accounts just rendered for the foregoing month.

TABLE 69.—EVIDENCE ON EXPENDITURE CONNECTED WITH LOAN

Expenditure mentioned	Number of loans to							
	Married couples		Individual men		Individual women		Total borrowers[a]	
	No repayment recorded[b]	Repayment recorded[b]	No repayment recorded[b]	Repayment recorded[b]	No repayment recorded[b]	Repayment recorded[b]	No repayment recorded[b]	Repayment recorded[b]
Expenditure certainly increased								
Certainly inevitable	*3,414*	*61*	*216*	*3*	*316*	*12*	*4,032*	*80*
Death and burial	141	3	25	..	9	2	184	6
Illness	2,435	58	102	3	258	10	2,856	74
Business purposes	805	..	77	..	43	..	937	..
Miscellaneous	33	..	12	..	6	..	55	..
Perhaps inevitable	*1,421*	*17*	*121*	..	*234*	*2*	*1,812*	*20*
Repairs or extensions	411	3	21	..	64	2	511	5
Helping relative or friend	150	2	29	..	47	..	231	2
Moving	225	11	9	..	26	..	265	12
Furniture	190	2	7	..	27	..	227	..
Vacation	97	1	12	..	39	..	152	1
Investment, make or protect	35	..	5	..	7	..	47	..
Auto, buy or repair	248	..	28	..	6	..	286	..
Miscellaneous	65	..	10	..	18	..	93	..
Apparently optional	*149*	*1*	*18*	..	*37*	..	*210*	*1*
Christmas or wedding gifts	132	1	13	..	31	..	180	1
Miscellaneous	17	..	5	..	6	..	30	..
Expenditure possibly increased								
Regularly recurrent	*1,606*	*13*	*71*	..	*278*	*1*	*1,999*	*14*
Taxes	272	4	10	..	49	1	337	5
Real estate	386	1	11	..	33	..	436	1
Rent	183	4	7	..	45	..	245	4
Insurance	88	..	8	..	7	..	104	..
Clothing	343	2	27	..	75	..	455	2
Coal	334	2	8	..	69	..	422	2
Less definite information	*1,239*	*268*	*86*	*18*	*171*	*21*	*1,522*	*310*
Total	*7,829*	*360*	*512*	*21*	*1,036*	*36*	*9,575*	*425*
	8,189		*533*		*1,072*		*10,000*	

[a] Including 206 co-signers.
[b] This refers to such repayments of previous loans as are recorded under question 4.

repayment, when present, was obviously an important and special ingredient in the situation. It is unfortunate that the original cross-tabulation by reason and purpose was not subdivided by the help of question 2 into loans with and without repayment of previous loans. While 45 per cent of the borrowers were repaying or renewing a loan, only 4½ per cent can be identified as having used part of the new loan to repay a previous loan. This 4½ per cent may be chiefly loans in which repayment was made to some other loan office. In the remaining 40½ per cent, a renewal of the original loan was being made, either because the borrower wished additional cash, or desired to reduce the size of the instalment payments. In both such events, it is the practice of lenders to treat the transactions as new loans. Considerable additional light as to the reasons for borrowing would have resulted if renewals and original loans had been tabulated separately.

Entries consisting of more than one item have been listed only under the first applicable item on the list. The degree of overlapping thus obscured may be roughly gauged from the fact that among all the loans to married couples 2,513 had evidence of expenditure on illness as against 2,435 in the table, 858 had expenditure for business purposes against 805, 462 had expenditure on repairs as against 411, and 165 had expenditure on helping relative or friend as against 150. Unfortunately, the highly significant group whose expenditure was back-payments on furniture, pianos, and so forth, was coded under "bills"; hence we cannot glean the evidence that we should like upon the importance of instalment buying as a cause of borrowing from small loan offices. Back payments of rent, on the other hand, were coded under "rent" and it appears that back payments on automobiles were sometimes classed under the heading "automobiles, to buy or repair." Expenditures coming under the three miscellaneous heads are too varied for enumeration. A stray bunch picked up from the less common comprises: to buy a cow, to buy an antique violin, and to buy a tombstone for his wife.

The simple tabulations in Tables 68 and 69 are valuable chiefly as explanations of the grouping used in Table 70, which is the corresponding cross-tabulation. To produce a manageable table, drastic reduction in the number of subdivisions by expenditure

TABLE 70.—EVIDENCE ON COINCIDENCE OF REDUCTION OF INCOME AND INCREASE OF EXPENDITURE AS CAUSE FOR BORROWING

Evidence on expenditure	Per cent of loans in each borrower group															
	Married couples				Individual men				Individual women				Total borrowers[a]			
	Income reduction			Total loans	Income reduction			Total loans	Income reduction			Total loans	Income reduction			Total loans
	Certain	Probable	Not suggested		Certain	Probable	Not suggested		Certain	Probable	Not suggested		Certain	Probable	Not suggested	
Loans with no repayment recorded under "reason"																
Expenditure certainly increased																
Occasional expenditure																
(a) Certainly inevitable	6	9	27	42	9	10½	20½	40	3½	11	15	29½	6	9	25	40
(b) Perhaps inevitable	2½	..	14½	17	3	..	20	23	3	..	19	22	3	..	15½	18½
(c) Apparently optional	½	..	1½	2	½	..	3	3½	1	..	2½	3½	½	..	1½	2
Expenditure possibly increased																
(d) No evidence of any but regularly recurrent expenditure	14	..	21	35	11½	..	18	29½	16	..	25½	41½	13½	..	21½	35
Loans with repayment recorded under "reason"																
Evidence of occasional expenditure	..	..	½	½	..	½	..	½	..	½	1	1½	..	½	½	1
No evidence of any but regularly recurrent expenditure	1½	..	2	3½	1	..	2½	3½	½	..	1½	2	1½	..	2	3½
Total	24½	9	66½	100	25	11	64	100	24	11½	64½	100	24½	9½	66	100

[a] Including co-signers.

was necessary, but the constituents of each group of Table 70 are shown in Table 69. Classes a, b and c may be grouped under the general heading "expenditure certainly increased above normal," while class d contains the remainder for which "expenditure was possibly increased above normal." Loans for which the repayment of previous loans was entered under question 4 are again shown separately. In its information on expenditure our eventual Table 70 improves immensely on the original "Purpose" tabulation. The percentage with no evidence of increased expenditure has been cut down from 67 to 38½ for all borrowers and for married couples, for individual men from 49 to 33, and for individual women from 73 to 43½. The percentages for which neither income diminution nor expenditure increase is suggested are 23½ for all borrowers, 23 for married couples, 20½ for individual men and 27½ for individual women. A fair proportion of these may well belong in the special class "lack of satisfactory budgeting," but probably not all. On the other hand, it is likely that also among those where facts concerning income or expenditure are given there may be cases where "lack of satisfactory budgeting" is an ingredient in the situation.

The only evidence definite enough for tabulation which could be drawn from questions 4 and 5 was on presence of diminished income and on presence of increased expenditure, and all of it falls into place in the tabulations finally made. Lack of satisfactory budgeting, which would not have found place in them, is a factor which was not recognizably entered for any loans. This factor is not a cause of borrowing *alternative* to diminished income or increased expenditure. It may be one contributory factor in combination with either or both, and its relative importance may vary inversely to the sharpness of the immediate emergency. We have suggested that a separate question is desirable by which the bad managers among borrowers may be distinguished, if possible. No conclusions concerning them can be gleaned from this investigation.

Between the groups of borrowers little variation is found as regards evidence of income reduction. As regards evidence of expenditure, the salient facts are that the women had evidence of inevitable occasional expenditure comparatively seldom, and had

comparatively often no evidence of any but regularly recurrent expenditure. Married couples had comparatively seldom evidence of occasional expenditure which is not *certainly* inevitable. In imputing any significance to this table, however, it must be remembered again that in no case does absence of evidence of any emergency assure us that no emergency was present. Many borrowers with income actually reduced may nonetheless be found under "income reduction not suggested." It is impossible to resolve this uncertainty.

To the causes already mentioned as restricting the significance of these tables others still remain to be added. We have seen that the loans recorded do not proportionately represent the seasons of the year. Now, loans for different reasons had seasonal fluctuations which were often at variance with the general tendency; hence, owing to the way in which the records were made, different reasons for borrowing do not show their due relative importance. Loans proportionately collected would show Christmas, clothing and illness diminished in importance by one-tenth, insurance, death, and furniture more important by one-tenth or more. Vacation would be less frequent by one-quarter, repayment of loans less frequent by one-tenth or more, repairs, business purposes and taxes would lose slightly, coal would gain slightly.

When comparison is desired between groups, it must be remembered that the reason for loans is intimately connected with the age of the borrower. Contrast between groups may shadow forth the difference in age of the members of those different marital groups rather than the difference between members of different marital groups who are of the same age. Tabulation was made by "reason for loan" and by age of borrower, and this, although too unsatisfactory to quote or to discuss in detail, gives reason to suppose that contrasts which appear between individual women and married couples are compounded of a much more violent contrast between the younger members with much more similarity among the older. Between individual women and individual men on the other hand, the contrast appears to be due chiefly to the older members.

A cross tabulation made by age and by reason for loan suggests a plausible variation with age of the economic pressure caused by

illness. For married men, illness of family had its greatest prominence between the years 25 and 35, while illness of self increased in importance in the fifties. Except for these older men, illness in the family was a far more prevalent reason than illness of self; however, it must be noticed that illness in the family included childbirth. For individual women, illness of self was much more common from 25 to 35 years than later, while illness of others was much less common. No further comment on variation of reason for loan with varying age can safely be made on account of the imperfection of the records on this question. This is unfortunate since information on that subject would certainly be of considerable significance.

Possibly separation of the larger from the smaller loans might also present interesting contrasts as regards reasons for borrowing. It is to be hoped that there may be further investigations which will profit by the experience of this one and will thus throw light on these important aspects of the small loan borrower.

APPENDIX

TABLE 71.—LOAN OFFICES REPORTING DATA FOR THIS STUDY AND NUMBER OF LOANS REPORTED, BY CITY

State and city	Loan offices	Loans
Massachusetts		
New Bedford	1	49
Springfield	1	20
Worcester	1	49
Rhode Island		
Pawtucket	3	62
Providence	1	78
Connecticut		
Bridgeport	2	70
Hartford	2	39
Meriden	1	30
New Britain	1	27
New Haven	2	89
Stamford	1	37
Waterbury	2	88
New Jersey		
Atlantic City	1	60
Camden	2	99
Elizabeth	1	46
Jersey City	3	192
Newark	5	227
Orange	1	40
Paterson	1	53
Pennsylvania		
Allentown	2	60
Altoona	1	60
Bethlehem	1	40
Chester	1	69
Easton	2	90
Erie	2	99
Harrisburg	3	98
Johnstown	2	70
McKeesport	1	20
Norristown	1	59
Philadelphia	13	653
Pittsburgh	6	295
Reading	5	238
Scranton	3	212
Sharon	1	60
Wilkes-Barre	4	243
Williamsport	1	32
York	2	31
Ohio		
Akron	2	85
Ohio (cont.)		
Cambridge	1	53
Canton	1	20
Cincinnati	2	100
Cleveland	2	85
Columbus	2	118
Dayton	2	109
Newark	1	65
Springfield	2	77
Toledo	1	49
Warren	1	48
Youngstown	2	77
Zanesville	1	57
Indiana		
Anderson	1	49
Brazil	2	58
Connersville	1	36
Evansville	2	82
Fort Wayne	3	159
Frankfort	1	26
Gary	1	30
Goshen	1	40
Hammond	1	69
Huntington	1	35
Indianapolis	8	398
Michigan City	1	70
Princeton	1	71
Richmond	1	69
South Bend	3	100
Terre Haute	3	95
Union City	1	40
Illinois		
Aurora	1	69
Chicago	10	496
Danville	1	60
Decatur	1	70
E. St. Louis	1	60
Elgin	1	72
Freeport	1	70
Joliet	2	138
Peoria	2	126
Rockford	1	78
Rock Island	1	49
Springfield	1	69
Michigan		
Detroit	4	258
Michigan (cont.)		
Grand Rapids	1	59
Jackson	1	50
Kalamazoo	1	19
Lansing	2	56
Pontiac	1	10
Minnesota		
Minneapolis	2	129
St. Paul	2	118
Iowa		
Burlington	1	50
Cedar Rapids	2	49
Clinton	1	20
Davenport	1	69
Des Moines	3	129
Sioux City	2	51
Waterloo	1	19
Nebraska		
Omaha	2	132
Maryland		
Baltimore	7	369
Hagerstown	1	30
Virginia		
Lynchburg	1	32
Norfolk	4	148
Portsmouth	1	28
Richmond	2	92
Roanoke	1	40
West Virginia		
Charleston	1	70
Huntington	1	69
Kentucky		
Covington	1	60
Louisville	2	130
Georgia		
Atlanta	2	102
Macon	1	30
Savannah	1	71
Total	211	10,000

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Mar6'34
Feb 2'38
Feb 11'39
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